

1 VERNON M. WINTERS (Bar No. 130128)  
[vern.winters@weil.com](mailto:vern.winters@weil.com)

2 CHRISTOPHER J. COX (Bar No. 151650)  
[chris.cox@weil.com](mailto:chris.cox@weil.com)

3 JILL J. HO (Bar No. 236349)  
[jill.ho@weil.com](mailto:jill.ho@weil.com)

4 WEIL, GOTSHAL & MANGES LLP  
Silicon Valley Office  
201 Redwood Shores Parkway  
Redwood Shores, CA 94065-1175  
Telephone: (650) 802-3000  
Facsimile: (650) 802-3100

7 MIKE McKOOL, JR.  
8 [mmckool@mckoolsmith.com](mailto:mmckool@mckoolsmith.com)  
MCKOOL SMITH P.C.  
9 300 Crescent Court, Suite 1500  
Dallas, TX 75201  
Telephone: (214) 978-4000  
Facsimile: (214) 978-4044

11 PETER J. AYERS  
12 [payers@mckoolsmith.com](mailto:payers@mckoolsmith.com)  
MCKOOL SMITH P.C.  
13 300 W. Sixth Street, #1700  
Austin, TX 78701  
Telephone: (512) 692-8700  
Facsimile: (512) 692-8744

15 Attorneys for Defendants  
16 AMERICAN AIRLINES, INC. and  
AMERICAN BEACON ADVISORS, INC.

17 UNITED STATES DISTRICT COURT  
18 CENTRAL DISTRICT OF CALIFORNIA  
19 WESTERN DIVISION

20 IN RE:  
21 Katz Interactive Call Processing  
22 Patent Litigation

23 This document relates to:

24 Ronald A. Katz Technology Licensing  
L.P. v. American Airlines, Inc., et al  
25 CV 07-2196 RGK (FFMx)

Case No. 07-ML-1816-B-RGK (FFMx)

**AMERICAN'S ANSWER AND  
COUNTERCLAIMS TO PLAINTIFF  
RONALD A. KATZ TECHNOLOGY  
LICENSING, L.P.'S FIRST  
AMENDED COMPLAINT FOR  
PATENT INFRINGEMENT**

American Airlines, Inc. (“American Airlines”) and American Beacon Advisors, Inc. (“American Beacon Advisors”), collectively (“American”), hereby answer Plaintiff Ronald A. Katz Technology Licensing, L.P.’s (“RAKTL”) First Amended Complaint For Patent Infringement (“Amended Complaint”) as follows:

**THE PARTIES**

1. American lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 1 of the Amended Complaint and, on that basis, denies them.

2. American admits the allegations of paragraph 2 of the Amended Complaint.

3. American admits the allegations of paragraph 3 of the Amended Complaint.

4. American lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 4 of the Amended Complaint and, on that basis, denies them.

5. American lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 5 of the Amended Complaint and, on that basis, denies them.

6. American lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 6 of the Amended Complaint and, on that basis, denies them.

7. American lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 7 of the Amended Complaint and, on that basis, denies them.

8. American lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 8 of the Amended Complaint and, on that basis, denies them.

**JURISDICTION AND VENUE**

9. American admits that this is a civil action for patent infringement arising under the United States patent statutes, 35 U.S.C. § 1 *et seq.*

10. American admits that the United States District Court for the Eastern District of Texas (“the Texas Court”) has jurisdiction over the subject matter of this action under 28 U.S.C. §§ 1331 and 1338(a).

11. American admits that, for purposes of this case, American Airlines and American Beacon Advisors are subject to the Texas Court’s personal jurisdiction. American further admits that it has registered agents for service of process in the State of Texas. American denies the remaining allegations in paragraph 11 of the Amended Complaint.

12. American lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 12 of the Amended Complaint and, on that basis, denies them.

13. American lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 13 of the Amended Complaint and, on that basis, denies them.

14. American admits that venue is proper in the Eastern District of Texas under 28 U.S.C. §§ 1391 and 1400. American further admits that this case is before this Court pursuant to the Transfer Order of the Judicial Panel on Multidistrict Litigation dated March 20, 2007, *In re Katz Interactive Call Processing Patent Litig.*, Docket No. 1816.

**BACKGROUND FACTS**

15. American admits that on their face, U.S. Patent Nos. 4,792,968 (“the ’968 patent”), 4,930,150 (“the ’150 patent”), 5,128,984 (“the ’984 patent”), 5,251,252 (“the ’252 patent”), 5,255,309 (“the ’309 patent”), 5,351,285 (“the ’285 patent”), 5,561,707 (“the ’707 patent”), 5,684,863 (“the ’863 patent”), 5,787,156 (“the ’156 patent”), 5,815,551 (“the ’551 patent”), 5,828,734 (“the ’734 patent”),

1 5,835,576 (“the ’576 patent”), 5,898,762 (“the ’762 patent”), 5,917,893 (“the ’893  
2 patent”), 5,974,120 (“the ’120 patent”), 6,044,135 (“the ’135 patent”), 6,148,065  
3 (“the ’065 patent”), 6,292,547 (“the ’547 patent”), 6,335,965 (“the ’965 patent”),  
4 6,349,134 (“the ’134 patent”), 6,424,703 (“the ’703 patent”), 6,434,223 (“the ’223  
5 patent”), 6,512,415 (“the ’415 patent”), and 6,678,360 (“the ’360 patent”) list  
6 Ronald A. Katz as the sole named inventor. American denies the remaining  
7 allegations in paragraph 15 of the Amended Complaint.

8 16. American lacks sufficient knowledge or information to form a belief as  
9 to the truth of the allegations in paragraph 16 of the Amended Complaint and, on  
10 that basis, denies them.

11 17. American lacks sufficient knowledge or information to form a belief as  
12 to the truth of the allegations in paragraph 17 of the Amended Complaint and, on  
13 that basis, denies them.

14 18. American lacks sufficient knowledge or information to form a belief as  
15 to the truth of the allegations in paragraph 18 of the Amended Complaint and, on  
16 that basis, denies them.

17 19. American admits that on its face, the ’968 patent lists December 20,  
18 1988 as the issue date. American lacks knowledge or information to form a belief  
19 as to the truth of the remaining allegations of paragraph 19 and, on that basis,  
20 denies them.

21 20. American lacks sufficient knowledge or information to form a belief as  
22 to the truth of the allegations in paragraph 20 of the Amended Complaint and, on  
23 that basis, denies them.

24 21. American lacks sufficient knowledge or information to form a belief as  
25 to the truth of the allegations in paragraph 21 of the Amended Complaint and, on  
26 that basis, denies them.



1 and May 29, 1990 as the issue date. American further admits that the term of the  
2 '150 patent extended no later than December 20, 2005. American denies the  
3 remaining allegations in paragraph 28 of the Amended Complaint.

4 29. American admits that the '984 patent is entitled "Telephone Interface  
5 Call Processing System With Call Selectivity," and on its face lists Ronald A. Katz  
6 as the sole named inventor and July 7, 1992 as the issue date. American denies the  
7 remaining allegations in paragraph 29 of the Amended Complaint.

8 30. American admits that the '252 patent is entitled "Telephone Interface  
9 Call Processing System With Call Selectivity," and on its face lists Ronald A. Katz  
10 as the sole named inventor and October 5, 1993 as the issue date. American denies  
11 the remaining allegations in paragraph 30 of the Amended Complaint.

12 31. American admits that the '285 patent is entitled "Multiple Format  
13 Telephonic Interface Control System," and on its face lists Ronald A. Katz as the  
14 sole named inventor and September 27, 1994 as the issue date. American further  
15 admits that the '285 patent expired on December 20, 2005. American denies the  
16 remaining allegations in paragraph 31 of the Amended Complaint.

17 32. American admits that the '863 patent is entitled "Telephonic-Interface  
18 Statistical Analysis System," and on its face lists Ronald A. Katz as the sole named  
19 inventor and November 4, 1997 as the issue date. American further admits that the  
20 '863 patent expired on December 20, 2005. American denies the remaining  
21 allegations in paragraph 32 of the Amended Complaint.

22 33. American admits that the '156 patent is entitled "Telephonic-Interface  
23 Lottery System," and on its face lists Ronald A. Katz as the sole named inventor  
24 and July 28, 1998 as the issue date. American further admits that the '156 patent  
25 expired on December 20, 2005. American denies the remaining allegations in  
26 paragraph 33 of the Amended Complaint.

27 34. American admits that the '551 patent is entitled "Telephonic-Interface  
28 Statistical Analysis System," and on its face lists Ronald A. Katz as the sole named

1 inventor and September 29, 1998 as the issue date. American further admits that  
2 the '551 patent expired on December 20, 2005. American denies the remaining  
3 allegations in paragraph 34 of the Amended Complaint.

4 35. American admits that the '734 patent is entitled "Telephone Interface  
5 Call Processing System With Call Selectivity," and on its face lists Ronald A. Katz  
6 as the sole named inventor and October 27, 1998 as the issue date. American  
7 denies the remaining allegations in paragraph 35 of the Amended Complaint.

8 36. American admits that the '762 patent is entitled "Telephonic-Interface  
9 Statistical Analysis System," and on its face lists Ronald A. Katz as the sole named  
10 inventor and April 27, 1999 as the issue date. American further admits that the  
11 '762 patent expired on December 20, 2005. American denies the remaining  
12 allegations in paragraph 36 of the Amended Complaint.

13 37. American admits that the '893 patent is entitled "Multiple Format  
14 Telephonic Interface Control System," and on its face lists Ronald A. Katz as the  
15 sole named inventor and June 29, 1999 as the issue date. American further admits  
16 that the '893 patent expired on December 20, 2005. American denies the remaining  
17 allegations in paragraph 37 of the Amended Complaint.

18 38. American admits that the '120 patent is entitled "Telephone Interface  
19 Call Processing System With Call Selectivity," and on its face lists Ronald A. Katz  
20 as the sole named inventor and October 26, 1999 as the issue date. American  
21 denies the remaining allegations in paragraph 38 of the Amended Complaint.

22 39. American admits that the '135 patent is entitled "Telephone-Interface  
23 Lottery System," and on its face lists Ronald A. Katz as the sole named inventor  
24 and March 28, 2000 as the issue date. American further admits that the '135 patent  
25 expired on July 10, 2005. American denies the remaining allegations in paragraph  
26 39 of the Amended Complaint.

27 40. American admits that the '065 patent is entitled "Telephonic-Interface  
28 Statistical Analysis System," and on its face lists Ronald A. Katz as the sole named



1 inventor and November 14, 2000 as the issue date. American further admits that  
2 the '065 patent expired on July 10, 2005. American denies the remaining  
3 allegations in paragraph 40 of the Amended Complaint.

4 41. American admits that the '965 patent is entitled "Voice-Data  
5 Telephonic Interface Control System," and on its face lists Ronald A. Katz as the  
6 sole named inventor and January 1, 2002 as the issue date. American further  
7 admits that the '965 patent expired on December 20, 2005. American denies the  
8 remaining allegations in paragraph 41 of the Amended Complaint.

9 42. American admits that the '134 patent is entitled "Telephonic-Interface  
10 Statistical Analysis System," and on its face lists Ronald A. Katz as the sole named  
11 inventor and February 19, 2002 as the issue date. American further admits that the  
12 '134 patent expired on December 20, 2005. American denies the remaining  
13 allegations in paragraph 42 of the Amended Complaint.

14 43. American admits that the '703 patent is entitled "Telephonic-Interface  
15 Lottery System," and on its face lists Ronald A. Katz as the sole named inventor  
16 and July 23, 2002 as the issue date. American further admits that the '703 patent  
17 expired on July 10, 2005. American denies the remaining allegations in paragraph  
18 43 of the Amended Complaint.

19 44. American admits that the '223 patent is entitled "Telephone Interface  
20 Call Processing System With Call Selectivity," and on its face lists Ronald A. Katz  
21 as the sole named inventor and August 13, 2002 as the issue date. American further  
22 admits that the '223 patent expired on July 10, 2005. American denies the  
23 remaining allegations in paragraph 44 of the Amended Complaint.

24 45. American admits that the '415 patent is entitled "Telephonic-Interface  
25 Game Control System," and on its face lists Ronald A. Katz as the sole named  
26 inventor and January 28, 2003 as the issue date. American further admits that '415  
27 patent expired on July 10, 2005. American denies the remaining allegations in  
28 paragraph 45 of the Amended Complaint.



46. American admits that the '360 patent is entitled "Telephonic-Interface Statistical Analysis System," and on its face lists Ronald A Katz as the sole named inventor and January 13, 2004 as the issue date. American further admits that the '360 patent expired on July 10, 2005. American denies the remaining allegations in paragraph 46 of the Amended Complaint.

47. American admits that the '309 patent is entitled "Telephonic-Interface Statistical Analysis System," and on its face lists Ronald A Katz as the sole named inventor and October 19, 1993 as the issue date. American further admits that the '360 patent expired on December 20, 2005. American denies the remaining allegations in paragraph 47 of the Amended Complaint.

48. American admits that the '707 patent is entitled “Telephonic-Interface Statistical Analysis System,” and on its face lists Ronald A Katz as the sole named inventor and October 1, 1996 as the issue date. American further admits that the '707 patent expired on December 20, 2005. American denies the remaining allegations in paragraph 48 of the Amended Complaint.

49. American admits that the '547 patent is entitled “Telephonic-Interface Statistical Analysis System,” and on its face lists Ronald A Katz as the sole named inventor and September 18, 2001 as the issue date. American further admits that the '547 patent expired on July 10, 2005. American denies the remaining allegations in paragraph 49 of the Amended Complaint.

50. American admits that the '576 patent is entitled "Telephonic-Interface Lottery Device," and on its face lists Ronald A Katz as the sole named inventor and November 10, 1998 as the issue date. American further admits that the '576 patent expired on July 10, 2005. American denies the remaining allegations in paragraph 50 of the Amended Complaint.

**COUNT I**  
**(PATENT INFRINGEMENT BY AMERICAN AIRLINES, INC. AND**  
**AMERICAN BEACON ADVISORS, INC.)**

51. American incorporates by reference its responses to paragraphs 1-50.

52. American admits that on their face, the '968, '150, '984, '252, and '285 patents list Ronald A. Katz as the sole named inventor, and the '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents list RAKTL as the assignee. American lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations in paragraph 52 and, on that basis, denies them.

53. American admits that it operates automated telephone systems. American denies the remaining allegations in paragraph 53 of the Amended Complaint.

54. American denies the allegations in paragraph 54 of the Amended Complaint.

55. American denies the allegations in paragraph 55 of the Amended Complaint.

56. American denies the allegations in paragraph 56 of the Amended Complaint.

57. American denies the allegations in paragraph 57 of the Amended Complaint.

**COUNT II**  
**(PATENT INFRINGEMENT BY FEDEX CORPORATION, FEDERAL EXPRESS CORPORATION, FEDEX CORPORATE SERVICES, INC., AND FEDEX CUSTOMER INFORMATION SERVICES, INC.)**

58. American incorporates by reference its responses to paragraphs 1-57.

59. American admits that on their face, '968, '150, '984, '252, '285, and '309 patents list Ronald A. Katz as the sole named inventor, and the '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents list RAKTL as the assignee. American lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations in paragraph 59 of the Amended Complaint and, on that basis, denies them.



1           68. American lacks sufficient knowledge or information to form a belief as  
2 to the truth of the allegations in paragraph 68 of the Amended Complaint and, on  
3 that basis, denies them.

4           69. American lacks sufficient knowledge or information to form a belief as  
5 to the truth of the allegations in paragraph 69 of the Amended Complaint and, on  
6 that basis, denies them.

7           70. American lacks sufficient knowledge or information to form a belief as  
8 to the truth of the allegations in paragraph 70 of the Amended Complaint and, on  
9 that basis, denies them.

10          71. American lacks sufficient knowledge or information to form a belief as  
11 to the truth of the allegations in paragraph 71 of the Amended Complaint and, on  
12 that basis, denies them.

13           **AMERICAN'S RESPONSE TO RAKTL'S REQUEST FOR RELIEF**

14          72. American denies that RAKTL is entitled to any of the relief sought  
15 against American, its officers, agents, servants, employees, attorneys, parent and  
16 subsidiary corporations, assigns and successors in interest, and those acting in  
17 active concert or participation with American Airlines or American Beacon.  
18 American has not infringed, and is not infringing, either directly or indirectly under  
19 section 271, any claim of any patent asserted in RAKTL's First Amended  
20 Complaint, either literally or under the doctrine of equivalents. Moreover, the  
21 Asserted Patents are invalid and/or unenforceable. RAKTL is not entitled to a  
22 judgment in its favor, damages, injunctive relief, costs, fees, interest, or any other  
23 type of recovery from American. RAKTL's request for relief should therefore be  
24 denied in its entirety and with prejudice, and RAKTL should take nothing.

25       \\

26       \\

27       \\

28       \\

**AFFIRMATIVE DEFENSES**

**FIRST AFFIRMATIVE DEFENSE**

**(Failure to State a Claim/Non-Infringement)**

73. One or more of the claims set forth in RAKTL's First Amended Complaint fail to state a claim upon which relief can be granted because American does not infringe, has not infringed, and does not and has not induced infringement or contributed to infringement of any of the Asserted Patents.

**SECOND AFFIRMATIVE DEFENSE**

**(Prosecution History Estoppel)**

74. RAKTL's enforcement of the Asserted Patents against American is barred by the doctrine of prosecution history estoppel.

**THIRD AFFIRMATIVE DEFENSE**

**(Invalidity)**

75. One or more claims of the Asserted Patents are invalid for failure to satisfy the conditions of patentability set forth in 35 U.S.C. § 101 *et seq.*, including without limitation, §§ 102, 103, and/or 112.

**FOURTH AFFIRMATIVE DEFENSE**

**(Inequitable Conduct)**

76. The Asserted Patents are unenforceable in whole or in part for inequitable conduct committed before the United States Patent and Trademark Office ("USPTO") during the prosecution of the applications that issued as the Asserted Patents and/or related applications.

77. During the prosecution of the applications that ultimately led to the issuance of the asserted patents or the applications upon which priority is claimed, the sole named inventor, Ronald A. Katz, and/or his attorneys and appointed representatives (collectively "Katz") engaged in inequitable conduct, thereby rendering at least certain of the Asserted Patents unenforceable for failure to comply with the duty of candor.

1           78. On information and belief, Katz exercised a pattern and practice of  
2 conduct during the prosecution of the applications that issued as the Asserted  
3 Patents and/or related applications in the USPTO that violated the duty of candor  
4 owed by patent applicants with the intent to deceive the USPTO and its agents into  
5 issuing patent claims of a scope beyond any to which Katz was entitled. This  
6 pattern included intentionally withholding material prior art from the USPTO and  
7 making false statements, such as the priority date to which Katz's applications were  
8 entitled.

9           **I. Withholding Material Prior Art**

10           **A. Periphonics**

11           79. By way of example, on information and belief, Katz intentionally  
12 withheld from the USPTO highly relevant and material prior art by the Periphonics  
13 Corporation ("Periphonics") in order to obtain claims to which Katz was not  
14 entitled. On information and belief, in April 1993, in connection with *First Data*  
15 *Resources, Inc. v. West Interactive Corp.*, CV 91-4471-TJH in the United States  
16 District Court for the Central District of California ("the *First Data v. West*  
17 *litigation*"), materials bearing Bates numbers W72807-W73756 ("the *West*  
18 *materials*") were provided to Harold Wurst, Esq. of Nilsson, Wurst & Green ("the  
19 *Nilsson firm*"). The Nilsson firm was involved in prosecuting many of Katz's  
20 patent applications, some of which would ultimately issued as the Asserted Patents.

21           80. On information and belief, in U.S. Patent Application No. 08/306,456,  
22 which issued as the '965 patent, Katz stated: "During [the *First Data v. West*  
23 *litigation*], a voluminous quantity of prior art, that is, some 500 items (including  
24 single or plural related documents grouped together), were identified by the  
25 defendant." However, on information and belief, during pretrial procedures, the  
26 defendant distilled the applied art to 59 separate items (including single or plural  
27 related documents). Paper no. 3, filed November 4, 1994. On information and  
28 belief, Katz also stated: "The voluminous quantity of art identified during litigation,

1 excluding the 59 items (Set I), is listed on the second set of forms PTO-1449  
2 (Supplemental I).” Paper no. 3, filed November 4, 1994.

3 81. On information and belief, Katz made the same statements in the  
4 applications that issued as U.S. Patent No. 5,561,707 (“the ’707 patent”) (IDS filed  
5 November 14, 1994), the ’285 patent (IDS filed September 20, 1994), and the  
6 parent application of the ’893 patent (IDS filed November 7, 1994 in Application  
7 No. 08/306,751). On information and belief, other applications use varying  
8 language that refers the examiner to the references disclosed during prosecution of  
9 the ’707 patent. These other applications include the ’863 patent (Amendment filed  
10 May 6, 1996, at 44; IDS filed October 18, 1996), the ’762 patent (IDS filed January  
11 16, 1997), and the ’551 patent (IDS filed October 2, 1996).

12 82. On information and belief, in connection with making these statements  
13 and references during prosecution of the ’707, ’965, ’285, ’893, ’863, ’762, and  
14 ’551 patents, Katz submitted to the USPTO certain materials containing Bates  
15 numbers within the range of *West* materials. In addition to those submitted, the  
16 original *West* materials further included a number of Periphonics references,  
17 including (1) Bank-From-Home Product Description, Publication #3000002,  
18 January 7, 1980 (“the Bank-From-Home reference”) (W73055-W73095) and (2)  
19 Periphonics VoicePac System with Peritalk Announce Product Description and user  
20 Guide, Publication #327060 IC, 1987 (“the VoicePac reference”) (W73219-  
21 W73302).

22 83. On information and belief, the Bank-From-Home reference and the  
23 VoicePac reference are highly relevant to many claims of the Asserted Patents. The  
24 Bank-From-Home reference describes such limitations of claims of the Asserted  
25 Patents as structures for interfacing, storing, qualifying, switching, processing,  
26 voice generation, verifying credit and designating, as related to callers to the  
27 disclosed system. The VoicePac reference describes such limitations of claims of  
28



1 the Asserted Patents as interfacing callers to the system and transferring callers to a  
2 customer service representative.

3 84. While other references containing Bates numbers within the range of  
4 the *West* materials were submitted to the USPTO during prosecution of the '707,  
5 '965, '285, '893, '863, '762, and '551 patents, on information and belief, the Bank-  
6 From-Home and VoicePac references were knowingly withheld during prosecution  
7 of at least these patents with knowledge of their materiality. Katz's failure to  
8 disclose this material prior art was a violation of the duty of candor and good faith  
9 owed to the USPTO, and constitutes inequitable conduct. Thus, at least the '965,  
10 '285, '893, '863, '762, and '551 patents are rendered unenforceable due to the  
11 inequitable conduct that occurred during prosecution of their respective  
12 applications.

13 85. Other Asserted Patents are directly related to these patents, and are  
14 thus rendered unenforceable through infectious unenforceability. For example, the  
15 '065, '360, and '547 patents have specifications substantially identical to those of  
16 the '707, '863, '762, and '551 patents, and rely for priority on U.S. Patent No.  
17 4,845,739 ("the '739 patent"), also having a substantially identical specification.  
18 The '065, '360, and '547 patents contain claims with subject matter that includes  
19 subject matter that was at issue during prosecution of the '707, '863, '762, '551,  
20 and '739 patents. In addition, due to the interrelatedness of all of these patents,  
21 Katz has disclaimed any patent term subsequent to the patent term of the '739  
22 patent, in most instances in response to double patenting rejections made by the  
23 USPTO indicating that the claimed inventions were not patentably distinct.

24 86. Thus, Katz's inequitable conduct renders unenforceable at least the  
25 '965, '285, '893, '863, '762, '551, '065, '360, and '547 patents.

26 **B. Barger**

27 87. In another example, Katz's pattern of misconduct included Katz's  
28 failure to disclose to the USPTO U.S. Patent No. 4,071,698 to Barger, Jr. et al.

1 (“the Barger patent”) during the prosecution of many of Katz’s patents, including  
2 numerous that issued as the Asserted Patents and other applications from which  
3 priority is claimed. On information and belief, Katz had knowledge of the  
4 relevance and materiality of the Barger patent to claims pending before the USPTO.

5 88. The Barger patent teaches an interactive voice system for marketing  
6 merchandise. The customer selects and listens to an audio demonstration and may  
7 arrange payment by credit card or other means. The system maintains a complete  
8 record of all transactions, including requests for demonstrations played by each  
9 customer, in order to maintain current inventory records and to determine trends.  
10 The system can use this transaction history to determine whether a customer is a  
11 “free loader,” and accordingly limit his access to the system.

12 89. The system disclosed in the Barger patent is also capable of assigning  
13 a caller to an operator who obtains required information from the customer that is  
14 placed in a database. When the customer requests a specific demonstration, the  
15 operator enters the appropriate code into the system and plays it for the customer.  
16 On completion of the demonstration, the customer is returned to a live operator,  
17 who will take the order.

18 90. Many features disclosed in the Barger patent are relevant to Katz’s  
19 claims. For example, the Barger patent teaches storing data entered by a caller in a  
20 record, limiting the number of times a caller can access the system, and entering  
21 credit card information. In addition, the Barger patent has been relied upon in third  
22 party requests for reexamination of the ’707 and ’547 patents, which have  
23 specifications substantially identical to that of the ’739 patent.

24 91. Because the Barger patent discloses many of the central features  
25 claimed by Katz, it would have been material to the USPTO deciding whether to  
26 allow Katz’s pending claims. The materiality of the Barger patent was confirmed  
27 by the USPTO’s rejection of all of the claims of the ’707 patent in 2006, based, in  
28 part, on the Barger patent. Ex Parte Reexamination, Control Nos. 90/007,074 &

1 90/006,978, at 5. The examiner rejected claims 9, 12, 22-24, 25, 137, 141, 144-46,  
2 150, 151, 154, 156, and 167 under 35 U.S.C. §§ 102(b) or 102(e), in light of the  
3 Barger patent. *Id.* at 2, 53-61.

4 92. The Barger patent was filed in the USPTO on January 10, 1977, a full  
5 eight years before Katz's first application.

6 93. On information and belief, Katz became aware of the Barger patent  
7 and its materiality to Katz's claims at least as early as January 1989. On  
8 information and belief, on or about December 1988, the European Patent Office  
9 sent a search report for one of Katz's corresponding European patent applications to  
10 Katz's European patent attorney, Graham Frederick Coles. On information and  
11 belief, Mr. Coles sent a copy of the search report to Byard Nilsson, an attorney  
12 handling prosecution of many of Katz's applications, in January 1989. This search  
13 report identified the Barger patent as being "particularly relevant" to Katz's  
14 application.

15 94. Notwithstanding Katz's knowledge of the Barger patent and of its  
16 materiality as alleged herein, Katz failed to disclose this prior art to the USPTO  
17 during the prosecution of at least U.S. Patent No. 5,073,929 ("the '929 patent") and  
18 the '739, '984, '150, '285, and '965 patents. Katz was under a duty to disclose to  
19 the USPTO information material to Katz's applications (including prior art cited in  
20 foreign patent prosecutions). Katz's failure to disclose the Barger patent, with  
21 knowledge of its materiality, constitutes inequitable conduct.

22 95. On information and belief, Katz deliberately withheld the Barger  
23 patent with the intent to deceive the USPTO into issuing patent claims of a scope  
24 beyond any to which Katz was entitled in at least the '739, '929, '984, '150, '285,  
25 and '965 patents.

26 96. As Katz was aware of both the significance and relevance of the  
27 Barger patent as alleged herein, Katz's failure to disclose it to the USPTO during  
28 prosecution of at least the '739, '929, '984, '150, '285, and '965 patents constituted

1 inequitable conduct. Other Asserted Patents are directly related to these patents,  
2 and are thus rendered unenforceable through infectious unenforceability.

3 97. At least the '984, '929, and '739 patents are rendered unenforceable  
4 due to the inequitable conduct that occurred during prosecution of their respective  
5 applications.

6 98. All of the Asserted Patents except the '968 and '150 patents claim  
7 priority to the '739 patent. These Asserted Patents each contain claims with subject  
8 matter that includes subject matter that was at issue during the '739 patent  
9 prosecution and to which Barger would have been relevant. Thus, the '984, '252,  
10 '285, '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065, '547, '965,  
11 '134, '703, '223, '415, and '360 patents are rendered unenforceable due to the  
12 inequitable conduct that occurred during prosecution of the '739 patent.

13 99. The '252, '734, '120, and '223 patents claim priority to the '984, '929,  
14 and '739 patents.

15 100. The '252, '734, '120, and '223 patents contain claims with subject  
16 matter that includes subject matter that was at issue during prosecution of the '984  
17 to which Barger would have been relevant. On information and belief, the '252,  
18 '734, '120, and '223 patents contain claims with subject matter that includes subject  
19 matter that was at issue during prosecution of the '929 and '739 patents and to  
20 which Barger would have been relevant. Thus, the '252, '734, '120, and '223  
21 patents are rendered unenforceable due to the inequitable conduct that occurred  
22 during prosecution of the '984, '929, and '739 patents.

23 101. At least the '285, '150, and '739 patents are rendered unenforceable  
24 for conduct concerning the Barger patent that occurred during the prosecution  
25 thereof.

26 102. The '893 patent claims priority to the '285, '150, and '739 patents.  
27 The '893 patent contains claims with subject matter that was at issue during  
28 prosecution of the '285 patent to which Barger would have been relevant.

1 Additionally, on information and belief, the '893 patent contains claims with  
2 subject matter that was at issue during prosecution of the '150 and '739 patents and  
3 to which Barger would have been relevant. Thus, the '893 patent is rendered  
4 unenforceable due to the inequitable conduct that occurred during prosecution of  
5 the '285, '150, and '739 patents.

6 103. The inequitable conduct concerning the Barger patent renders  
7 unenforceable at least the '984, '252, '285, '707, '863, '156, '551, '734, '576, '762,  
8 '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents.

9 **C. De Bruyn**

10 104. In another example, on information and belief, Katz withheld  
11 European Patent Specification No. 32,410 to De Bruyn (the "De Bruyn patent")  
12 from the USPTO during the prosecution of many of Katz's earlier patents. On  
13 information and belief, Katz was well aware of the materiality of the De Bruyn  
14 patent to Katz's pending claims.

15 105. The De Bruyn patent was published on July 22, 1981 and disclosed an  
16 interactive voice system for implementing a lottery. On information and belief, it  
17 was cited in the same European search report that identified the Barger patent.  
18 Thus, on information and belief, Katz also became aware of the De Bruyn patent at  
19 least as early as January 1989.

20 106. On information and belief, the European search report identified the  
21 De Bruyn patent as "particularly relevant." The De Bruyn patent is also  
22 substantively identical to Canadian Patent 1,162,336 ("the De Bruyn Canadian  
23 patent"), which was relied upon by the USPTO examiner in the reexamination and  
24 rejection of several of Katz's patents related to the Asserted Patents, including the  
25 '707 patent and U.S. Patent Nos. 5,255,309 ("the '309 patent") and 5,259,023 ("the  
26 '023 patent"). Nearly all of the claims of the '707 patent were rejected based on the  
27 De Bruyn Canadian patent under 35 U.S.C. §§ 102(b) or 102(e) and 103(a). Ex  
28 Parte Reexamination, Control Nos. 90/006,978 & 90/006,978, at pp. 9-25, 62-63,

1 68-71, 72, 101, 103-10, 170-71, 174-78, 181-83, 185-87, 190. Similarly, with  
2 respect to the '309 patent, the examiner rejected a majority of the claims based on  
3 the De Bruyn Canadian patent under 35 U.S.C. §§ 102(b) and 103(a). Ex Parte  
4 Reexamination, Control Nos. 90/007,092 & 90/006976, at pp. 9-20, 33-44, 47-70.  
5 With regard to the '023 patent, the examiner rejected claims 1, 2, 5, 6, 8, 10, 20-26  
6 based on the De Bruyn Canadian patent under 35 U.S.C. §§ 102 and 103. Ex parte  
7 Reexamination, Control Nos. 90/007,058 & 90/006,977, at pp. 3-10, 25-27, 29, 64,  
8 70-72.

9 107. Like all of the Asserted Patents, except for the '968 and '150 patents,  
10 each of the '707, '309, and '023 patents, on its face, is asserted by Katz to be a  
11 continuation of the '739 patent.

12 108. On information and belief, Katz deliberately withheld the De Bruyn  
13 patent with knowledge of its materiality with the intent to deceive the USPTO into  
14 issuing patent claims of a scope beyond any to which Katz was entitled in at least  
15 the '739, '150, '929, '984, and '252 patents, as well as U.S. Patent 5,048,075 ("the  
16 '075 patent").

17 109. As Katz was aware of both the significance and materiality of the De  
18 Bruyn patent as alleged herein, Katz's failure to disclose it to the USPTO during  
19 prosecution of at least the '739, '150, '075, '929, '984, and '252 patents constituted  
20 inequitable conduct. Nearly all of the Asserted Patents are directly related to these  
21 patents and are, thus, rendered unenforceable through infectious unenforceability.

22 110. The '893, '863, '547, '551, '065, '360, and '762 patents are closely  
23 related to at least the '739 patent. In fact, due to the interrelatedness of these  
24 patents, Katz has disclaimed for each of the '893, '863, '547, '551, '065, and '360  
25 patents any patent term subsequent to the patent term of the '739 patent, in most  
26 instances in response to double-patenting rejections made by the USPTO indicating  
27 that the claimed inventions were not patentably distinct.  
28



111. All of the Asserted Patents except the '968 and '150 patents claim priority to the '739 patent. These Asserted Patents all contain claims with subject matter that was at issue during the '739 patent prosecution and to which De Bruyn would have been relevant. Thus, the '984, '252, '285, '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents are rendered unenforceable due to the inequitable conduct that occurred during prosecution of the '739 patent.

112. On information and belief, Katz deliberately withheld the De Bruyn patent with the intent to deceive the USPTO into issuing patent claims of a scope beyond any to which Katz was entitled in at least the '150 patent.

113. As Katz was aware of both the significance and relevance of the De Bruyn patent as alleged herein, Katz's failure to disclose it to the USPTO during prosecution of at least the '150 patent constituted inequitable conduct.

114. The '285 and '893 patents claim priority to the '150 patent.

115. On information and belief, the '285 and '893 patents both contain claims with subject matter that was at issue during the '150 patent prosecution and to which De Bruyn would have been relevant. Thus, the '150, '285, and '893 patents are rendered unenforceable due to the inequitable conduct that occurred during prosecution of the '150 patent.

116. On information and belief, Katz deliberately withheld the De Bruyn patent with the intent to deceive the USPTO into issuing patent claims of a scope beyond any to which Katz was entitled in at least the '929, '984, and '252 patents.

117. As Katz was aware of both the significance and relevance of the De Bruyn patent as alleged herein, Katz's failure to disclose it to the USPTO during prosecution of at least the '929, '984, and '252 patents constituted inequitable conduct.

118. The '734, '120, and '223 patents claim priority to the '929, '984, and '252 patents.



119. The '734, '120, and '223 patents contain claims with subject matter that was at issue during prosecution of the '984 and '252 patents and to which De Bruyn would have been relevant. On information and belief, the '734, '120, and '223 patents contain claims with subject matter that was at issue during prosecution of the '929 patent and to which De Bruyn would have been relevant. Thus, the '734, '120, and '223 patents are rendered unenforceable due to the inequitable conduct that occurred during prosecution of the '929, '984, and '252 patents.

120. The inequitable conduct concerning the De Bruyn patent renders unenforceable at least the '984, '252, '285, '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents.

#### **D. Yoshizawa**

121. In another example, on information and belief, as part of the prosecution of at least the '575 patent, Katz failed to disclose a prior art article entitled "Voice Response System for Telephone Betting" by Yoshizawa et al. ("the Yoshizawa article") that appeared in the 1977 issue of *Hitachi Review* magazine.

122. On information and belief, the Yoshizawa article discloses an automated off-track betting system including a voice response unit, a public telephone network and a central processing unit. Incoming calls are answered by the voice response unit prompting the caller to enter an account number and password, and then select one or more pari-mutuel tickets; for example, a wager on a horse to show. The entered data is then stored in the caller's account file. Each wager is counted against a preset daily wagering limit. The caller is provided with a registration number referencing the transaction. Ticket payments are made automatically by deducting the cost of the ticket from the caller's bank account. On information and belief, the article specifically mentions that the system could be used for "winning a lot number service"; in other words, a lottery.

123. On information and belief, many features relevant to the '575 patent claims are disclosed in the Yoshizawa article. For example, on information and

1 belief, Yoshizawa discloses limiting access and use to a telephone based gambling  
2 or lottery system and qualifying callers based on an account number.

3 124. On information and belief, Katz was aware of the materiality of the  
4 Yoshizawa article at least as early as September 2, 1992 - over two years before the  
5 issuance of the '575 patent - when it was cited in response to interrogatories in the  
6 *First Data v. West* litigation.

7 125. Notwithstanding Katz's knowledge of the Yoshizawa article and its  
8 materiality, on information and belief, Katz failed to disclose this material prior art  
9 reference to the USPTO as part of the prosecution of the '575 patent in violation of  
10 his duty of candor.

11 126. On information and belief, Katz intentionally withheld the material  
12 Yoshizawa article from the USPTO as part of the prosecution of the '575 patent  
13 with the intent to deceive the USPTO into issuing patent claims of a scope beyond  
14 which Katz was entitled, thereby committing inequitable conduct and rendering  
15 unenforceable at least the '575 patent.

16 127. The '576, '135, '156, and '703 patents claim priority to and claims  
17 subject matter related to the '575 patent. Katz's inequitable conduct therefore also  
18 renders unenforceable through infectious unenforceability at least the '576, '135,  
19 '156, and '703 patents.

#### 20 **E. Florafax**

21 128. On information and belief, during the prosecution of at least the '575  
22 patent and the '576 patent, Katz had knowledge of and failed to disclose a brochure  
23 dated January 22, 1986 and circulated by Florafax at or about that time ("the  
24 Florafax brochure").

25 129. On information and belief, the Florafax brochure is material to the  
26 '575 and '576 patents. On information and belief, the Florafax brochure discloses a  
27 service for providing a recorded message in association with the delivery of a floral  
28 bouquet. After purchasing the bouquet, the sender receives a card from the florist

1 that includes a telephone number and an ID number printed thereon. Upon calling  
2 the number indicated, the sender is prompted to enter the ID number and record a  
3 personal message. When the flowers are delivered, a corresponding card instructs  
4 the recipient to call a specified number to hear the sender's prerecorded message.  
5 The message may only be played twice before it is automatically erased. The  
6 Florafax "Talking Bouquet" system was test marketed at least as early as December  
7 1985, demonstrating public use of the concepts embodied in the brochure.

8 130. On information and belief, the Florafax brochure and associated  
9 service operation disclose many of the features claimed in the '575 and the related  
10 '576 patent. For example, providing cards or tickets with an identification number  
11 printed thereon for access to an automated interactive system.

12 131. On information and belief, Katz was aware of the materiality of the  
13 Florafax brochure at least as early September 2, 1992 - over two years before the  
14 issuance of the '575 patent and over seven years before the issuance of the '576  
15 patent - when it was cited in response to interrogatories in the *First Data v. West*  
16 litigation.

17 132. On information and belief, notwithstanding Katz's knowledge of the  
18 Florafax brochure and its materiality, Katz failed to disclose it as part of the  
19 prosecution of the '575 and '576 patents in violation of his duty of candor.

20 133. On information and belief, Katz intentionally withheld the material  
21 Florafax brochure from the USPTO as part of the prosecution of the '575 and '576  
22 patents with the intent to deceive the USPTO into issuing patent claims of a scope  
23 beyond which Katz was entitled, thereby committing inequitable conduct and  
24 rendering unenforceable at least the '575 and '576 patents.

25 134. The '576, '135, '156, and '703 patents claim priority to and claim  
26 subject matter related to the '575 patent. The '135 patent further claims priority to  
27 and claims subject matter related to the '576 patent. Katz's inequitable conduct  
28

1 therefore also renders unenforceable through infectious unenforceability at least the  
2 '576, '135, '156, and '703 patents.

3 **F. Moosemiller**

4 135. On information and belief, during the prosecution of at least the '965  
5 and '734 patents, Katz had knowledge of and failed to disclose a prior art reference  
6 entitled "AT&T's Conversant I Voice System" by John P. Moosemiller ("the  
7 Moosemiller reference") that appeared in the March/April 1986 issue of *Speech*  
8 *Technology*.

9 136. On information and belief, the Moosemiller reference is material to the  
10 patentability of '965 and '734 patents. The Moosemiller reference discloses many  
11 of the features claimed in the '965 and '734 patents, including use of DNIS,  
12 ACD/PBX, qualification based on user identification data, transfer to a live operator  
13 and multiple formats.

14 137. On information and belief, Katz was aware of the materiality of the  
15 Moosemiller reference at least as early as July 21, 1998, when it was disclosed in  
16 connection with *Ronald A. Katz Technology Licensing, L.P. v. AT&T Corp.*, Civil  
17 Action No. 97-4453, in the United States District Court for the Eastern District of  
18 Pennsylvania ("the *RAKTL v. AT&T* litigation"), in which RAKTL asserted that  
19 AT&T and other parties infringed certain patents now being asserted against  
20 American.

21 138. On information and belief, notwithstanding Katz's knowledge of the  
22 Moosemiller reference and its materiality, Katz failed to disclose it as part of the  
23 prosecution of the '965 and '734 patents in violation of his duty of candor.

24 139. On information and belief, Katz intentionally withheld the material  
25 Moosemiller reference from the USPTO as part of the prosecution of the '965 and  
26 '734 patents with the intent to deceive the USPTO into issuing patent claims of a  
27 scope beyond which Katz was entitled, thereby committing inequitable conduct and  
28 rendering unenforceable at least the '965 and '734 patents.

1           140. The '134 patent claims priority to and claims subject matter related to  
2 the '965 patent. The '120 and '223 patents claim priority to and claim subject  
3 matter related to the '734 patent. Katz's inequitable conduct therefore also renders  
4 unenforceable through infectious unenforceability at least the '134, '120, and '223  
5 patents.

6                   **G. Hester**

7           141. On information and belief, during the prosecution of at least the '309  
8 patent, Katz had knowledge of and failed to disclose a prior art reference entitled  
9 "The AT&T Multi-Mode Voice Systems – Full Spectrum Solutions for Speech  
10 Processing Applications" by Hester, e. al. ("the Hester reference") that was  
11 presented at the Proceedings of the 1985 AVIOS Conference.

12           142. On information and belief, the Hester reference is material to the  
13 patentability of the '309 patent. The Hester reference discloses in detail the  
14 architecture, operation, and applications of the "Conversant I" system which was  
15 made and used by AT&T. The "Conversant I" system, a programmable interactive  
16 voice response system that was used for telephonic access and interaction, was also  
17 the subject of the Moosemiller reference. The Moosemiller reference was cited by  
18 the USPTO during reexamination of the '309 patent to invalidate 14 claims on the  
19 basis of anticipation. The Hester reference provides even greater detail regarding  
20 the "Conversant I" system and therefore would have been material to the  
21 examination of the '309 patent.

22           143. On information and belief, Katz was aware of the materiality of the  
23 Hester article at least as early as May 28, 1991, when it was cited by the patent  
24 examiner in connection with the prosecution of U.S. Patent 5,109,404 ("the '404  
25 patent").

26           144. On information and belief, notwithstanding Katz's knowledge of the  
27 Hester reference and its materiality, Katz failed to disclose it as part of the  
28 prosecution of the '309 patent in violation of his duty of candor.

1 145. On information and belief, Katz intentionally withheld the material  
2 Hester reference from the USPTO as part of the prosecution of the '309 patent with  
3 the intent to deceive the USPTO into issuing patent claims of a scope beyond which  
4 Katz was entitled, thereby committing inequitable conduct and rendering  
5 unenforceable at least the '309 patent.

6 146. The '707 patent claims priority to and claims subject matter related to  
7 the '309 patent. Katz's inequitable conduct therefore also renders unenforceable  
8 through infectious unenforceability at least the '707 patent.

9 **H. Perdue**

10 147. On information and belief, during the prosecution of at least the '309  
11 patent, Katz had knowledge of and failed to disclose a prior art reference entitled  
12 "Conversant I Voice System: Architecture and Applications" by Perdue et al. ("the  
13 Perdue reference") that appeared in the September/October 1986 issue of *AT&T*  
14 *Technical Journal*.

15 148. On information and belief, the Perdue reference is material to the  
16 patentability of the '309 patent. The Perdue reference discloses in detail the  
17 architecture, operation, and applications of the "Conversant I" system which was  
18 made and used by AT&T. The "Conversant I" system, a programmable interactive  
19 voice response system that was used for telephonic access and interaction, was also  
20 the subject of the Moosemiller reference. The Moosemiller reference was cited by  
21 the USPTO during reexamination of the '309 patent to invalidate 14 claims on the  
22 basis of anticipation. The Perdue reference provides even greater detail regarding  
23 the "Conversant I" system and therefore would have been material to the  
24 examination of the '309 patent.

25 149. On information and belief, Katz was aware of the materiality of the  
26 Perdue reference at least as early as May 28, 1991, when it was cited by the patent  
27 examiner in connection with the prosecution of '404 patent. On June 8, 1991, the  
28

1 Perdue reference was cited again by the patent examiner in connection with the  
2 prosecution of U.S. Patent No. 5,218,631.

3 150. On information and belief, notwithstanding Katz's knowledge of the  
4 Perdue reference and its materiality, Katz failed to disclose it as part of the  
5 prosecution of the '309 patent in violation of his duty of candor.

6 151. On information and belief, Katz intentionally withheld the material  
7 Perdue reference from the USPTO as part of the prosecution of the '309 patent with  
8 the intent to deceive the USPTO into issuing patent claims of a scope beyond which  
9 Katz was entitled, thereby committing inequitable conduct and rendering  
10 unenforceable at least the '309 patent.

11 152. The '707 patent claims priority to and claims subject matter related to  
12 the '309 patent. Katz's inequitable conduct therefore also renders unenforceable  
13 through infectious unenforceability at least the '707 patent.

#### 14 **I. Corbett**

15 153. On information and belief, during the prosecution of at least the '965  
16 patent, Katz had knowledge of and failed to disclose a prior art reference entitled  
17 "Telephone Enquiry System Using Synthetic Speech" by Angela J. Corbett ("the  
18 Corbett reference") a master's thesis submitted in December 1974.

19 154. On information and belief, the Corbett reference is material to the  
20 patentability of the '965 patent. The Corbett reference discloses many of the  
21 features claimed in the '965 patent, including an interactive voice response system,  
22 multiple formats, user number and password, and consumable keys.

23 155. On information and belief, Katz was aware of the materiality of the  
24 Corbett reference at least as early as August 13, 1992 when it was disclosed in  
25 connection with a motion for summary judgment of invalidity of the RAKTL  
26 patents at issue in the *First Data v. West* litigation.



1           156. On information and belief, notwithstanding Katz's knowledge of the  
2 Corbett reference and its materiality, Katz failed to disclose it as part of the  
3 prosecution of the '965 patents in violation of his duty of candor.

4           157. On information and belief, Katz intentionally withheld the material  
5 Corbett reference from the USPTO as part of the prosecution of the '965 patent  
6 with the intent to deceive the USPTO into issuing patent claims of a scope beyond  
7 which Katz was entitled, thereby committing inequitable conduct and rendering  
8 unenforceable at least the '965 patent.

9           158. The '134 patent claims priority to and claims subject matter related to  
10 the '965 patent. Katz's inequitable conduct therefore also renders unenforceable  
11 through infectious unenforceability at least the '134 patent.

12                   **J.     Daudelin '995**

13           159. On information and belief, during the prosecution of at least the '120  
14 patent, Katz had knowledge of and failed to disclose U.S. Patent No. 4,943,995 to  
15 Daudelin et al. ("the Daudelin '995 patent").

16           160. On information and belief, the Daudelin '995 patent is material to the  
17 patentability of the '120 patent. the Daudelin '995 patent discloses many of the  
18 features claimed in the '120, including a system for receiving calls in a toll-free  
19 mode and placing orders for products using automated voice response systems,  
20 human operators or combinations thereof.

21           161. On information and belief, Katz was aware of the materiality of the  
22 Daudelin '995 patent, having cited it to the USPTO in previous IDS submissions  
23 during prosecution of other Asserted Patents, albeit misspelled as "Dandelin."

24           162. On information and belief, notwithstanding Katz's knowledge of the  
25 the Daudelin '995 patent and its materiality, Katz failed to disclose it as part of the  
26 prosecution of the '120 patent in violation of his duty of candor.

27           163. On information and belief, Katz intentionally withheld the material the  
28 Daudelin '995 patent from the USPTO as part of the prosecution of the '120 patent

1 with the intent to deceive the USPTO into issuing patent claims of a scope beyond  
2 which Katz was entitled, thereby committing inequitable conduct and rendering  
3 unenforceable at least the '120 patent.

4 164. The '223 patent claims priority to and claims subject matter related to  
5 the '120 patent. Katz's inequitable conduct therefore also renders unenforceable  
6 through infectious unenforceability at least the '223 patent.

7 **K. Katz's own PCT application WO 87/00375**

8 165. On information and belief, during the prosecution of the '863 patent  
9 and the '551 patent, Katz had knowledge of and failed to disclose his own PCT  
10 application, WO 87/00375 ("the WO '375 application").

11 166. On information and belief, the WO '375 application was published on  
12 January 15, 1987 and therefore would have been considered prior art under 35  
13 U.S.C. § 102(b) for any claims with a priority date more than a year thereafter. In  
14 particular, the WO '375 application constituted prior art to any claims incorporating  
15 new subject matter in continuation-in-part applications filed after January 15, 1988,  
16 including claims of the '863 and '551 patents.

17 167. On information and belief, the WO '375 application is material to the  
18 patentability of the '863 and '551 patents. The WO '375 application discloses  
19 many of the same basic elements claimed in the Asserted Patents, including  
20 prompting the caller with instructions, receiving data entered via touch-tone  
21 telephone keypads, storing caller-entered data, processing caller-entered data, and  
22 qualifying callers.

23 168. On information and belief, Katz was aware of the materiality of the  
24 WO '375 application.

25 169. On information and belief, notwithstanding Katz's knowledge of the  
26 WO '375 application and its materiality, Katz failed to disclose it as part of the  
27 prosecution of the '863 and '551 patents in violation of his duty of candor.  
28

1 170. On information and belief, Katz intentionally withheld the material  
2 WO '375 application from the USPTO as part of the prosecution of the '863 and  
3 '551 patents with the intent to deceive the USPTO into issuing patent claims of a  
4 scope beyond which Katz was entitled, thereby committing inequitable conduct and  
5 rendering unenforceable at least the '863 and '551 patents.

6 171. The '065 and '360 patents claim priority to and claim subject matter  
7 related to the '551 patent. Katz's inequitable conduct therefore also renders  
8 unenforceable through infectious unenforceability at least the '065 and '360  
9 patents.

## 10 **II. False and Misleading Statements**

11 172. On information and belief, to obtain from the USPTO claims to which  
12 Katz was not entitled, Katz made false and misleading statements about the priority  
13 dates to which claims of pending applications were entitled, with the intent to  
14 thereby swear behind prior art references that were before the USPTO in Katz's  
15 pending applications.

16 173. Katz's pattern and practice of inequitable conduct was repeated during  
17 the prosecution of other applications leading to the Asserted Patents, infecting  
18 either directly or indirectly all of the applications, and thereby rendering all of the  
19 Asserted Patents unenforceable in their entirety.

20 174. On information and belief, during prosecution of the '984 patent, Katz  
21 falsely asserted that the WO '375 application, cited by the examiner, was "not  
22 properly a reference against the present case." Amendment, June 20, 1991, at p.11.

23 175. On information and belief, the WO '375 application was published  
24 more than one year before Katz filed the continuation-in-part application resulting  
25 in the issuance of the '984 patent and therefore constituted prior art to any new  
26 subject matter introduced and claimed in the '984 patent. Therefore, Katz  
27 intentionally misrepresented that the WO '375 application was not prior art during  
28 prosecution of the '984 patent, rendering unenforceable at least the '984 patent.

1           176. The '252, '734, '120, and '223 patents claim priority to and claim  
2 subject matter related to the '984 patent. Katz's inequitable conduct therefore also  
3 renders unenforceable through infectious unenforceability at least the '252, '734,  
4 '120, and '223 patents.

5           177. In another example, during the prosecution of the '734 patent, Katz  
6 identified U.S. Patent No. 4,972,461, issued to Brown ("the Brown patent"), to the  
7 USPTO. Katz, however, falsely stated that the pending application's claims  
8 predated the Brown patent because they claimed priority to the '150 patent.  
9 Amendment, January 31, 1996 at pp. 11-12.

10           178. On information and belief, the '734 patent does not properly claim  
11 priority to the '150 patent because there is no disclosure of multiple call modes in  
12 the '150 patent. Therefore, Katz intentionally misrepresented the priority dates for  
13 claims during prosecution of the '734 patent, rendering unenforceable at least the  
14 '734 patent.

15           179. In another example, during prosecution of the '734 patent, Katz  
16 asserted that the Hester reference "bears a date of 1985, apparently 'September.' In  
17 that regard, it is noteworthy that the present application is related to a parent case  
18 filed July 10, 1985." Suppl. Amendment, March 14, 1995, at p. 21.

19           180. On information and belief, the '734 patent does not properly claim  
20 priority to the parent application referenced by Katz because there is no disclosure  
21 of toll free or 900 "pay-per-call" modes in the parent application. Therefore, Katz  
22 intentionally misrepresented the priority dates for claims during prosecution of the  
23 '734 patent, rendering unenforceable at least the '734 patent.

24           181. In another example, during prosecution of the '734 patent, Katz  
25 identified U.S. Patent No. 4,797,913 issued to Kaplan et al. ("the Kaplan patent"),  
26 to the USPTO. Katz, however, falsely stated that "the present application is entitled  
27 to a priority date earlier than that of the subject reference." Suppl. Amendment,  
28 March 14, 1995, at p. 20.

1 182. On information and belief, Katz's statement was false at the time it  
2 was made since there were claims pending that claimed subject matter not  
3 supported in any parent applications filed prior to August 4, 1987, the filing date of  
4 the Kaplan patent. For example, claim 17 that was pending at the time of Katz's  
5 statement recited multiple call modes. There is no suggestion of multiple call  
6 modes in, for example, the '968 patent. Therefore, Katz intentionally  
7 misrepresented the priority dates for claims during prosecution of the '734 patent,  
8 rendering unenforceable at least the '734 patent.

9 183. The '120 and '223 patents claim priority to and claim subject matter  
10 related to the '734 patent. Katz's inequitable conduct therefore also renders  
11 unenforceable through infectious unenforceability at least the '120 and '223  
12 patents.

### 13 **III. Intentional Failure to Inform the USPTO of Inconsistent Positions**

14 184. On information and belief, Katz intentionally failed to inform the  
15 USPTO of inconsistent positions taken with respect to three patents issued to  
16 Daudelin et al.—the Daudelin '955 patent, U.S. Patent 4,797,910 (“the Daudelin  
17 '910 patent”), and U.S. Patent 4,922,519 (“the Daudelin '519 patent”), (collectively  
18 “the Daudelin patents”)—as well as U.S. Patent No. 4,757,267 to Riskin (“the  
19 Riskin patent”). The specifications of the Daudelin patents are substantially similar  
20 and all three disclose the use of Dialed Number Identification Service (“DNIS”)   
21 functionality. The Riskin patent discloses the use of both DNIS and Automatic  
22 Number Identification (“ANI”) functionality.

23 185. Upon information and belief, Katz took inconsistent positions  
24 regarding the scope of the Daudelin patents during prosecution of certain of the  
25 Asserted Patents and intentionally failed to disclose his prior inconsistent positions  
26 to different patent examiners.

27 186. For example, during prosecution of the '734 patent, Katz labeled  
28 various prior art references as either “D,” “A,” or “D/A” to indicate whether the

1 reference was “pertinent to DNIS capabilities,” “pertinent to ANI capabilities,” or  
2 both. Katz did not label the Daudelin ’910 patent as “D,” “A,” or “D/A,” thereby  
3 characterizing the Daudelin ’910 patent as not pertinent to either DNIS or ANI  
4 capabilities. Contrary to this position, during prosecution of the ’551 patent, Katz  
5 labeled the Daudelin ’910 patent with a “D,” thereby characterizing the Daudelin  
6 ’910 patent as “pertinent to DNIS capabilities.” Likewise, during prosecution of  
7 the ’893 patent, Katz characterized the Daudelin ’910 patent as having “some  
8 disclosure of DNIS.” Yet, subsequently, during prosecution of the ’360 patent,  
9 Katz took the position that “Daudelin does not teach DNIS.”

10 187. Upon information and belief, Katz deliberately took inconsistent  
11 positions with respect to the Daudelin patents with the intent to deceive the USPTO  
12 into issuing patent claims of a scope beyond which Katz was entitled, thereby  
13 committing inequitable conduct and rendering unenforceable at least the ’734, ’551,  
14 ’893 and ’360 patents.

15 188. The ’120 and ’223 patents claim priority to and claim subject matter  
16 related to the ’734 patent. Katz’s inequitable conduct therefore also renders  
17 unenforceable through infectious unenforceability at least the ’120, and ’223  
18 patents.

19 189. As another example, during prosecution of the ’075 patent, Katz stated  
20 “that the Riskin patent discloses the utilization of ANI and DNIS signals to  
21 accomplish routing . . . .” Contrary to this position, during prosecution of the ’120  
22 patent, Katz labeled the Riskin patent with an “A” instead of “D/A,” thereby  
23 characterizing the Riskin patent as only pertinent to ANI capabilities, not DNIS.

24 190. Upon information and belief, Katz deliberately took inconsistent  
25 positions with respect to the Riskin patent with the intent to deceive the USPTO  
26 into issuing patent claims of a scope beyond which Katz was entitled, thereby  
27 committing inequitable conduct and rendering unenforceable at least the ’075 and  
28 ’120 patents.



191. The '576, '135, '156, and '703 patents claim priority to and claim subject matter related to the '075 patent. The '223 patent claims priority to and claim subject matter related to the '120 patent. Katz's inequitable conduct therefore also renders unenforceable through infectious unenforceability at least the '576, '135, '156, '703, and '223 patents.

#### IV. Intentional Failure to Inform the USPTO of Related Litigation

192. Pursuant to the Manual of Patent Examining Procedure, including §§ 2001.01 and 2001.06(c), "[w]here the subject matter for which a patent is being sought is or has been involved in litigation," each individual associated with the filing and prosecution of a patent application has a duty to bring to the attention of the USPTO "the existence of such litigation and any other material information arising therefrom."

193. On information and belief, as set forth below, during prosecution of several of the Asserted Patents, Katz failed to identify or disclose to the patent examiners material information from several litigations of which Katz was aware, which involved related patents and material subject matter relating to the Asserted Patents, with the intent to deceive the USPTO into issuing patent claims of a scope beyond which Katz was entitled, thereby constituting inequitable conduct.

##### A. First Data Resources, Inc. v. 900 Million, Inc.

194. On information and belief, on October 9, 1990, First Data Resources, Inc. ("First Data") filed suit, Civil Action No. 90-5418-HLH, against 900 Million, Inc. and others in the United States District Court for the Central District of California ("the *First Data v. 900 Million* litigation"). First Data alleged infringement of the '739 patent, '150 patent, and U.S. Patent No. 4,939,773 ("the '773 patent").

195. The defendants in the *First Data v. 900 Million* litigation filed a counterclaim alleging invalidity and unenforceability of the '739, '150, and '773 patents.



1 196. The defendants' counterclaims in that suit are material to at least the  
2 '984, '252, '285, '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065,  
3 '547, '965, '134, '703, '223, '415, and '360 patents, all of which claim priority to  
4 and claim subject matter related to the '739 patent and/or the '150 patent.

5 197. On information and belief, during prosecution of the '984, '252, '285,  
6 '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065, '547, '965, '134,  
7 '703, '223, '415, and '360 patents, Katz was aware of the *First Data v. 900 Million*  
8 litigation and of material information regarding the defendants' allegations relating  
9 to the invalidity and unenforceability of the '739, '150 and '773 patents, as set forth  
10 in the pleadings and other papers filed therein.

11 198. Nonetheless, on information and belief, Katz did not disclose the  
12 existence of the *First Data v. 900 Million* litigation or the nature of the defendants'  
13 allegations relating to the invalidity and unenforceability of the '739, '150 and '773  
14 patents to the examiners of the '984, '252, '285, '707, '863, '156, '551, '734, '576,  
15 '762, '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents  
16 during prosecution of those patents.

17 199. On information and belief, this failure to disclose was committed with  
18 the intent to deceive the USPTO into issuing patent claims of a scope beyond which  
19 Katz was entitled, thereby committing inequitable conduct and rendering  
20 unenforceable at least the '984, '252, '285, '707, '863, '156, '551, '734, '576, '762,  
21 '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents.

22 **B. West Interactive Corp. v. First Data Resources, Inc.**

23 200. On information and belief, on October 24, 1990, West Interactive  
24 Corp. ("West") brought a declaratory judgment action, Civil Action No. 90-0-688,  
25 against First Data in the United States District Court for the District of Nebraska  
26 ("the *West v. First Data* litigation"). West alleged, inter alia, that the '739, '150  
27 and '773 patents are invalid and unenforceable.  
28

1           201. West's allegations in that suit are material to at least the '984, '252,  
2           '285, '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065, '547, '965,  
3           '134, '703, '223, '415, and '360 patents, all of which claim priority to and claim  
4           subject matter related to the '739 patent and/or the '150 patent.

5           202. On information and belief, during prosecution of the '984, '252, '285,  
6           '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065, '547, '965, '134,  
7           '703, '223, '415, and '360 patents, Katz was aware of the *West v. First Data*  
8           litigation and of material information regarding West's allegations relating to the  
9           invalidity and unenforceability of the '739, '150 and '773 patents, as set forth in the  
10          pleadings and other papers filed therein.

11          203. Nonetheless, on information and belief, Katz did not disclose the  
12          existence of the *West v. First Data* litigation or the nature of West's allegations  
13          relating to the invalidity and unenforceability of the '739, '150 and '773 patents to  
14          the examiners of the '984, '252, '285, '707, '863, '156, '551, '734, '576, '762,  
15          '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents during  
16          prosecution of those patents.

17          204. On information and belief, this failure to disclose was committed with  
18          the intent to deceive the USPTO into issuing patent claims of a scope beyond which  
19          Katz was entitled, thereby committing inequitable conduct and rendering  
20          unenforceable at least the '984, '252, '285, '707, '863, '156, '551, '734, '576, '762,  
21          '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents.

22                   **C. First Data Resources, Inc. v. West Interactive Corp.**

23          205. On information and belief, on August 20, 1991, First Data filed suit,  
24          Civil Action No. 91-4471-TJH, against West and Fantasy Sports Concepts, Inc. in  
25          the United States District Court for the Central District of California ("the *First*  
26          *Data v. West* litigation"). First Data alleged infringement of the '739 patent, '150  
27          patent, and U.S. Patent No. 5,014,298 ("the '298 patent").  
28

1           206. The defendants in the *First Data v. West* litigation filed a counterclaim  
2 alleging invalidity and unenforceability of the '739, '150, and '298 patents.

3           207. The defendants' counterclaims in that suit are material to at least the  
4 '984, '252, '285, '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065,  
5 '547, '134, '703, and '360 patents, all of which claim priority to and claim subject  
6 matter related to one or more of the '739, '150, and '298 patents.

7           208. On information and belief, during prosecution of the '984, '252, '285,  
8 '707, '863, '156, '551, '734, '576, '762, '893, '120, '135, '065, '547, '134, '703,  
9 and '360 patents, Katz was aware of the *First Data v. West* litigation and of  
10 material information regarding the defendants' allegations relating to the invalidity  
11 and unenforceability of the '739, '150 and '298 patents, as set forth in the pleadings  
12 and other papers filed therein.

13           209. Nonetheless, on information and belief, Katz did not disclose the  
14 existence of the *First Data v. West* litigation or the nature of the defendants'  
15 allegations relating to the invalidity and unenforceability of the '739, '150 and '298  
16 patents to the examiners of the '984, '252, '285, '707, '863, '156, '551, '734, '576,  
17 '762, '893, '120, '135, '065, '547, '134, '703, and '360 patents during prosecution  
18 of those patents (or in the case of the '285 patent, Katz waited to report the  
19 existence of the litigation until after payment of the issue fee).

20           210. On information and belief, this failure to disclose was committed with  
21 the intent to deceive the USPTO into issuing patent claims of a scope beyond which  
22 Katz was entitled, thereby committing inequitable conduct and rendering  
23 unenforceable at least the '984, '252, '285, '707, '863, '156, '551, '734, '576, '762,  
24 '893, '120, '135, '065, '547, '134, '703, and '360 patents.

25           **D. Ronald A. Katz Technology Licensing, L.P. v. AT&T Corp.**

26           211. On information and belief, on July 8, 1997, RAKTL filed suit, Civil  
27 Action No. 97-CV-4453, against AT&T Corp. ("AT&T") and others in the United  
28 States District Court for the Eastern District of Pennsylvania ("the *RAKTL v. AT&T*

1 litigation"). RAKTL alleged infringement of the '739, '150, '298, '075, '929, '984,  
2 '631, '153, '252, '309, '023, '285, '645, '120, '707, '863, and '633 patents.

3 212. In reply, AT&T asserted, inter alia, that the '739, '150, '298, '075,  
4 '929, '984, '631, '153, '252, '309, '023, '285, '645, '120, '707, '863, and '633  
5 patents are invalid.

6 213. AT&T's allegations in that suit are material to at least the '863, '156,  
7 '551, '734, '576, '762, '893, '120, '135, '547, '703, and '360 patents, all of which  
8 claim priority to and claim subject matter related to the '739 patent.

9 214. On information and belief, during prosecution of the '863, '156, '551,  
10 '734, '576, '762, '893, '120, '135, '547, '703, and '360 patents, Katz was aware of  
11 the *RAKTL v. AT&T* litigation and of material information regarding the  
12 defendants' allegations relating to the invalidity and unenforceability of the '739,  
13 '150 and '773 patents, as set forth in the pleadings and other papers filed therein.

14 215. Nonetheless, on information and belief, Katz did not disclose the  
15 existence of the *RAKTL v. AT&T* litigation or the nature of the defendants'  
16 allegations relating to the invalidity and unenforceability of the '739, '150 and '773  
17 patents to the examiners of the '863, '156, '551, '734, '576, '762, '893, '120, '135,  
18 '547, '703, and '360 patents during prosecution of those patents.

19 216. On information and belief, this failure to disclose was committed with  
20 the intent to deceive the USPTO into issuing patent claims of a scope beyond which  
21 Katz was entitled, thereby committing inequitable conduct and rendering  
22 unenforceable at least the '863, '156, '551, '734, '576, '762, '893, '120, '135, '547,  
23 '703, and '360 patents.

24 **E. Ronald A. Katz Technology Licensing, L.P. v. Micro Voice**  
25 **Applications, Inc.**

26 217. On information and belief, on February 9, 1999, RAKTL filed suit,  
27 Civil Action No. 99-CV-592, against Micro Voice Applications, Inc. and others in  
28 the United States District Court for the Northern District of California ("*RAKTL v.*

1 *Micro Voice* litigation”). RAKTL alleged infringement of the ’739, ’153, ’252,  
2 ’309, ’285, ’707, ’862, and ’734 patents.

3 218. In response to RAKTL’s complaint, the defendants in the *RAKTL v.*  
4 *Micro Voice* litigation alleged, inter alia, that the ’739, ’153, ’252, ’309, ’285, ’707,  
5 ’862, and ’734 patents are invalid and unenforceable.

6 219. The defendants’ counterclaims in that suit are material to at least the  
7 ’762, ’893, ’120, ’135, ’065, ’547, ’134, ’703, and ’360 patents, which claim  
8 priority to and claim subject matter related to one or more of the patents asserted in  
9 the *RAKTL v. Micro Voice* litigation.

10 220. On information and belief, during prosecution of the ’762, ’893, ’120,  
11 ’135, ’065, ’547, ’134, ’703, and ’360 patents, Katz was aware of the *RAKTL v.*  
12 *Micro Voice* litigation and of material information regarding the defendants’  
13 allegations relating to the invalidity and unenforceability of the patents asserted in  
14 that suit, as set forth in the pleadings and other papers filed therein.

15 221. Nonetheless, on information and belief, Katz did not disclose the  
16 existence of the *RAKTL v. Micro Voice* litigation or the nature of the defendants’  
17 allegations relating to the invalidity and unenforceability of the patents asserted  
18 therein to the examiners of the ’762, ’893, ’120, ’135, ’065, ’547, ’134, ’703, and  
19 ’360 patents during prosecution of those patents.

20 222. On information and belief, this failure to disclose was committed with  
21 the intent to deceive the USPTO into issuing patent claims of a scope beyond which  
22 Katz was entitled, thereby committing inequitable conduct and rendering  
23 unenforceable at least the ’762, ’893, ’120, ’135, ’065, ’547, ’134, ’703, and ’360  
24 patents.

## 25 **V. Intentional Failure to Disclose Adverse Findings**

26 223. Pursuant to § 2001.06(b) of the Manual for Patent Examining  
27 Procedure, each individual associated with the filing and prosecution of a patent  
28 application before the USPTO has “a duty to bring to the attention of the examiner,

1 or other [USPTO] official involved with the examination of a particular application,  
2 information within their knowledge as to other copending United States  
3 applications which are ‘material to patentability’ of the application in question.”  
4 Furthermore, such individuals “cannot assume that the examiner of a particular  
5 application is necessarily aware of other applications which are ‘material to  
6 patentability’ of the application in question, but must instead bring such other  
7 applications to the attention of the examiner.”

8 224. On information and belief, during prosecution of certain of the  
9 Asserted Patents, Katz failed to disclose findings of the Board of Patent Appeals  
10 and Interferences (“the Board”) or of other examiners with respect to related  
11 patents, which were, in some instances, adverse or contrary to positions Katz took  
12 during prosecution.

13 **A. Patent Interference No. 103,697**

14 225. On information and belief, Patent Interference No. 103,697 was  
15 declared on February 13, 1996 and was finalized by November 20, 1996. One of  
16 the Board’s conclusions during that proceeding was that the ’968 patent  
17 specification did not provide written support for certain limitations of count 1,  
18 including transferring calls to an operator in certain circumstances, such that count  
19 1 was “not entitled to the benefit of [the ’968 patent’s] filing date.

20 226. The Board’s conclusion that the ’968 patent lacked written support for  
21 certain alleged limitations would have been material to the patentability of any  
22 claims reciting a “transfer to operator” limitation in at least the ’863, ’762, ’893,  
23 ’547, ’965, ’134, ’703, ’415, and ’360 patents. For example, the Board’s  
24 conclusion may have affected the examiner’s determination of the effective date for  
25 purposes of analyzing prior art relevant to a particular claim.

26 227. Nonetheless, on information and belief, Katz did not bring to the  
27 examiner’s attention during prosecution of at least the ’863, ’762, ’893, ’547, ’965,  
28 ’134, ’703, ’415, and ’360 patents the existence of Patent Interference No. 103,697



1 or the Board's conclusion that the '968 patent lacked written support for certain  
2 alleged limitations.

3 228. On information and belief, this failure to disclose was committed with  
4 the intent to deceive the USPTO into issuing patent claims of a scope beyond which  
5 Katz was entitled, thereby committing inequitable conduct and rendering  
6 unenforceable at least the '863, '762, '893, '547, '965, '134, '703, '415, and '360  
7 patents.

8 **B. Appeal No. 94-0834 (Application No. 07/640,337)**

9 229. On information and belief, during Appeal No. 94-0834 (Application  
10 No. 07/640,337), the Board found that the Barger patent, which is prior art to the  
11 Asserted Patents, disclosed a multiple format system for interacting with callers  
12 based on the callers dialing distinct telephone numbers.

13 230. The Board's finding regarding the scope of disclosure of the Barger  
14 Patent would have been material to the patentability of any claims reciting a  
15 "multiple format" limitation in at least the '156, '551, '734, '576, '762, '893, '120,  
16 '135, '065, '547, '965, '134, '703, '223, '415, and '360 patents.

17 231. Nonetheless, on information and belief, Katz did not bring the Board's  
18 finding to the examiner's attention during prosecution of at least the '156, '551,  
19 '734, '576, '762, '893, '120, '135, '065, '547, '965, '134, '703, '223, '415, and  
20 '360 patents.

21 232. On information and belief, this failure to disclose was committed with  
22 the intent to deceive the USPTO into issuing patent claims of a scope beyond which  
23 Katz was entitled, thereby committing inequitable conduct and rendering  
24 unenforceable at least the '863, '156, '551, '734, '576, '762, '120, '135, '065, '547,  
25 '965, '134, '703, '223, '415, and '360 patents.

26 **C. Other Adverse Findings**

27 233. On information and belief, during the prosecution of the '344 patent,  
28 Katz made the false assertion that the '968 patent specification provided adequate



1 written support for the limitation “automatic number identification (ANI) decoder  
2 means responsive to predetermined signals on said telephone trunk for providing a  
3 calling party telephone number.” Further, on information and belief, Katz falsely  
4 asserted that the “[r]eferences cited are based on U.S. Patent No. 4,792,968 to Katz  
5 with a filing date of Feb. 14, 1987, of which the present application is a  
6 continuation.”

7 234. The examiner of the ’344 patent, Examiner Brown, in a 1990 Office  
8 Action, refuted Katz's assertion that the ’344 patent application was a continuation  
9 of the ’968 patent, noting, “the present application is not a continuation of ’968 ....”  
10 Rather, the pending application that resulted in the ’344 patent was a continuation-  
11 in-part, in which new matter was added to the specification, and as such, any claims  
12 directed to the new matter were not entitled to the effective date of the ’968 patent.  
13 Further, Examiner Brown rejected Katz’s assertion that the ’968 patent provided  
14 adequate written support for the automatic number identification (ANI) decoder  
15 means limitation. Specifically, Examiner Brown stated that “applicant’s patent  
16 [i.e., the ’968 patent] does not in fact disclose or describe an ‘automatic number  
17 identification (ANI) decoder means’”

18 235. Despite Examiner Brown’s refutation of Katz’s assertions, in the  
19 subsequent Patent Interference No. 103,697, Katz claimed priority to the ’968  
20 patent for a count including the limitation “means connected to said interface  
21 switching means for directly providing a caller telephone number from said  
22 telephone facility.”

23 236. Further, on information and belief, during the Patent Interference No.  
24 103,697, Katz did not inform the Board of Examiner Brown’s prior repudiation of  
25 Katz’s assertion that the ’968 patent provided adequate written support for the  
26 automatic number identification (ANI) decoder means limitation.

27 237. Examiner Brown’s prior repudiation of Katz’s assertion would have  
28 also been material to the Board’s determination as to whether Katz was entitled to

1 swear behind U.S. Patent No. 4,797,911 to Szlam (“the Szlam patent”), particularly  
2 as the Board ultimately concluded that the ’968 patent specification lacked written  
3 support for count 1, which recited, in part, “means connected to said interface  
4 switching means for directly providing a caller telephone number from said  
5 telephone facility” and “computer means... responsive to said caller telephone  
6 number....”

7 238. Even though the Board concluded that the ’968 patent specification  
8 lacked written support for count 1, during prosecution of the ’156 Patent, Katz  
9 again alleged, this time to Examiner Woo, that the ’968 patent provided adequate  
10 support for the limitation “interface means for receiving automatic number  
11 identification data...” Indeed, Katz alleged that the claim limitation was supported  
12 by essentially the same text Katz previously cited during prosecution of the ’344  
13 patent and during the interference proceeding.

14 239. On information and belief, Katz did not inform Examiner Woo of  
15 Examiner Brown’s conclusion that the ’968 patent lacked written support for the  
16 limitation “automatic number identification (ANI) decoder means” or the Board’s  
17 finding that the ’968 patent lacked written support for the limitation “computer  
18 means ... responsive to said caller telephone number....”

19 240. On information and belief, Katz intentionally failed to disclose the  
20 prior adverse findings in violation of the duty of candor with the intent to deceive  
21 the USPTO into issuing patent claims of a scope beyond which Katz was entitled,  
22 thereby committing inequitable conduct and rendering unenforceable at least the  
23 ’156 patent.

24 241. Likewise, on information and belief, during prosecution of the ’965  
25 patent, Katz attempted to traverse a claim rejection of Katz's then pending claim 68  
26 in light of the Szlam patent by falsely claiming that “Claim 68 as amended is fully  
27 supported by Applicant’s earlier parent Patent No. 4,792,968, filed on February 24,  
28 1987, before ...Szlam....”

1           242. On information and belief, Katz failed to inform the examiner of the  
2           '965 patent of Examiner Brown's conclusion that the '968 patent specification did  
3           not support the limitation "automatic number identification (ANI) decoder means."

4           243. Examiner Brown's conclusion that the '968 patent specification did  
5           not support the "automatic number identification (ANI) decoder means," would  
6           have been material to the patentability of '965 patent, particularly with respect to  
7           the examiner's determination of whether certain references constituted prior art.

8           244. On information and belief, Katz intentionally failed to inform the  
9           examiner of the '965 patent of Examiner's Brown's prior conclusion in violation of  
10          the duty of candor and with the intent to deceive the USPTO into issuing patent  
11          claims of a scope beyond which Katz was entitled, thereby committing inequitable  
12          conduct and rendering unenforceable at least the '965 patent.

13          245. Likewise, during prosecution of the '551 patent, Examiner Brown  
14          rejected certain claims submitted by Katz pursuant to 35 U.S.C. § 112 for lack of  
15          written description. Specifically, Examiner Brown stated that "[the text actually is  
16          not found to describe how the interaction between the caller and the operator would  
17          proceed after the caller has been transferred thereto for "person-to-person"  
18          interaction, much less that such interaction necessarily would result in data entries  
19          being transferred to the memory."

20          246. Nonetheless, Katz continued prosecution of the same subject matter  
21          rejected by Examiner Brown in a subsequently filed application, before Examiner  
22          Weaver, which resulted in the issuance of the '065 patent.

23          247. On information and belief, Katz failed to inform Examiner Weaver  
24          that Examiner Brown had found a lack of written support for the claimed subject  
25          matter in the prior '551 patent based on the same specification.

26          248. On information and belief, Katz intentionally failed to inform  
27          Examiner Weaver of Examiner's Brown's prior conclusion in violation of the duty  
28          of candor with the intent to deceive the USPTO into issuing patent claims of a

1 scope beyond which Katz was entitled, thereby committing inequitable conduct and  
2 rendering unenforceable at least the '551 and '065 patents.

3 **FIFTH AFFIRMATIVE DEFENSE**

4 **(Unclean Hands/Patent Misuse)**

5 249. RAKTL is barred from any relief in this action and at least the '734,  
6 '120, '134, and '223 patents are unenforceable under the doctrines of unclean hands  
7 and/or patent misuse because RAKTL has asserted the '734, '120, '134, and '223  
8 patents with knowledge that at least one claim in each of these patents is invalid.

9 **SIXTH AFFIRMATIVE DEFENSE**

10 **(Waiver/Estoppel/Laches)**

11 250. RAKTL's claims are barred by the equitable doctrines of waiver,  
12 estoppel, and/or laches.

13 251. The Asserted Patents are unenforceable due to laches in light of  
14 RAKTL's unreasonable delay in asserting the claimed inventions.

15 **SEVENTH AFFIRMATIVE DEFENSE**

16 **(License)**

17 252. RAKTL's claims are barred by express or implied license based upon,  
18 patent license agreements relating to the Asserted Patents between RAKTL and  
19 various third parties, including AT&T and Microsoft.

20 **EIGHTH AFFIRMATIVE DEFENSE**

21 **(Patent Exhaustion)**

22 253. RAKTL's claims are barred by the doctrine of patent exhaustion.

23 **NINTH AFFIRMATIVE DEFENSE**

24 **(Limitation on Damages)**

25 254. To the extent that RAKTL seeks damages for alleged infringement  
26 more than six years prior to the filing of this action, it is barred from recovery by 35  
27 U.S.C. §286.

**TENTH AFFIRMATIVE DEFENSE**

**(Failure to Provide Notice)**

255. To the extent that RAKTL seeks damages for any alleged infringement prior to its giving actual notice of the patents to American, its claims are barred pursuant to 35 U.S.C. §287(a).

**ELEVENTH AFFIRMATIVE DEFENSE**

**(Unenforceability Due to Prosecution Laches)**

256. RAKTL's claims are barred in whole or in part because of unreasonable and unexplained delays in the prosecution of the Asserted Patents.

**COUNTERCLAIMS**

Counterclaim-plaintiffs American Airlines, Inc. and American Beacon Advisors, Inc. (collectively "American") allege the following counterclaims against Counterclaim-defendant Ronald A. Katz Technology Licensing, L.P. ("RAKTL"):

**THE COUNTERCLAIM PARTIES**

257. Counterclaim-plaintiff American Airlines, Inc. is a corporation organized under the laws of the State of Delaware, having a principal place of business at 4333 Amon Carter Blvd., Fort Worth, Texas 76155.

258. Counterclaim-plaintiff American Beacon Advisors, Inc. is a corporation organized under the laws of the State of Delaware, having a principal place of business at 4151 Amon Carter Blvd., MD 2450, Fort Worth, Texas 76155.

259. On information and belief, Counterclaim-defendant RAKTL is a limited partnership organized under the laws of the State of California, having a principal place of business at 9220 Sunset Blvd. #315, Los Angeles, California 90069.

260. This Court has subject matter jurisdiction over these counterclaims pursuant to 28 U.S.C. §§ 1331, 1338(a), 1367(a), 2201, and 2202, and 35 U.S.C. § 1, *et seq.*



**COUNTERCLAIM II**

**(Declaratory Judgment Regarding the '065 Patent)**

271. American repeats and realleges paragraphs 1-270 above as if fully set forth herein.

272. RAKTL purports to be the sole holder of the entire right, title and interest in the '065 patent.

273. RAKTL has sued American in the present action, alleging infringement of the '065 patent. Thus, an immediate, real, and justiciable controversy exists between RAKTL and American with respect to the alleged infringement, validity, and enforceability of the '065 patent.

274. American has not infringed, and is not infringing, either directly or indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '065 patent, either literally or under the doctrine of equivalents.

275. One or more claims of the '065 patent is invalid for failure to meet the conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without limitation, §§ 102, 103, and/or 112.

276. The '065 patent is unenforceable for at least the reasons alleged in American's affirmative defenses, which are incorporated herein by reference.

277. Declaratory relief is both necessary and appropriate. Absent a declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will continue to wrongfully assert the '065 patent against American, thereby causing American irreparable injury and damage.

278. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is entitled to an award of attorneys' fees.

**COUNTERCLAIM III**

**(Declaratory Judgment Regarding the '360 Patent)**

279. American repeats and realleges paragraphs 1-278 above as if fully set forth herein.





1 controversy exists between RAKTL and American with respect to the alleged  
2 infringement, validity, and enforceability of the '762 patent.

3 290. American has not infringed, and is not infringing, either directly or  
4 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '762  
5 patent, either literally or under the doctrine of equivalents.

6 291. One or more claims of the '762 patent is invalid for failure to meet the  
7 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
8 limitation, §§ 102, 103, and/or 112.

9 292. The '762 patent is unenforceable for at least the reasons alleged in  
10 American's affirmative defenses, which are incorporated herein by reference.

11 293. Declaratory relief is both necessary and appropriate. Absent a  
12 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
13 continue to wrongfully assert the '762 patent against American, thereby causing  
14 American irreparable injury and damage.

15 294. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
16 entitled to an award of attorneys' fees.

### 17 **COUNTERCLAIM V**

#### 18 **(Declaratory Judgment Regarding the '863 Patent)**

19 295. American repeats and realleges paragraphs 1-294 above as if fully set  
20 forth herein.

21 296. RAKTL purports to be the sole holder of the entire right, title and  
22 interest in the '863 patent.

23 297. RAKTL has sued American in the present action, alleging  
24 infringement of the '863 patent. Thus, an immediate, real, and justiciable  
25 controversy exists between RAKTL and American with respect to the alleged  
26 infringement, validity, and enforceability of the '863 patent.

1 298. American has not infringed, and is not infringing, either directly or  
2 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '863  
3 patent, either literally or under the doctrine of equivalents.

4 299. One or more claims of the '863 patent is invalid for failure to meet the  
5 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
6 limitation, §§ 102, 103, and/or 112.

7 300. The '863 patent is unenforceable for at least the reasons alleged in  
8 American's affirmative defenses, which are incorporated herein by reference.

9 301. Declaratory relief is both necessary and appropriate. Absent a  
10 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
11 continue to wrongfully assert the '863 patent against American, thereby causing  
12 American irreparable injury and damage.

13 302. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
14 entitled to an award of attorneys' fees.

### 15 **COUNTERCLAIM VI**

#### 16 **(Declaratory Judgment Regarding the '150 Patent)**

17 303. American repeats and realleges paragraphs 1-302 above as if fully set  
18 forth herein.

19 304. RAKTL purports to be the sole holder of the entire right, title and  
20 interest in the '150 patent.

21 305. RAKTL has sued American in the present action, alleging  
22 infringement of the '150 patent. Thus, an immediate, real, and justiciable  
23 controversy exists between RAKTL and American with respect to the alleged  
24 infringement, validity, and enforceability of the '150 patent.

25 306. American has not infringed, and is not infringing, either directly or  
26 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '150  
27 patent, either literally or under the doctrine of equivalents.  
28

1           307. One or more claims of the '150 patent is invalid for failure to meet the  
2 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
3 limitation, §§ 102, 103, and/or 112.

4           308. The '150 patent is unenforceable for at least the reasons alleged in  
5 American's affirmative defenses, which are incorporated herein by reference.

6           309. Declaratory relief is both necessary and appropriate. Absent a  
7 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
8 continue to wrongfully assert the '150 patent against American, thereby causing  
9 American irreparable injury and damage.

10           310. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
11 entitled to an award of attorneys' fees.

## 12                                   **COUNTERCLAIM VII**

### 13                   **(Declaratory Judgment Regarding the '285 Patent)**

14           311. American repeats and realleges paragraphs 1-310 above as if fully set  
15 forth herein.

16           312. RAKTL purports to be the sole holder of the entire right, title and  
17 interest in the '285 patent.

18           313. RAKTL has sued American in the present action, alleging  
19 infringement of the '285 patent. Thus, an immediate, real, and justiciable  
20 controversy exists between RAKTL and American with respect to the alleged  
21 infringement, validity, and enforceability of the '285 patent.

22           314. American has not infringed, and is not infringing, either directly or  
23 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '285  
24 patent, either literally or under the doctrine of equivalents.

25           315. One or more claims of the '285 patent is invalid for failure to meet the  
26 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
27 limitation, §§ 102, 103, and/or 112.  
28



1 continue to wrongfully assert the '893 patent against American, thereby causing  
2 American irreparable injury and damage.

3 326. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
4 entitled to an award of attorneys' fees.

5 **COUNTERCLAIM IX**

6 **(Declaratory Judgment Regarding the '984 Patent)**

7 327. American repeats and realleges paragraphs 1-326 above as if fully set  
8 forth herein.

9 328. RAKTL purports to be the sole holder of the entire right, title and  
10 interest in the '984 patent.

11 329. RAKTL has sued American in the present action, alleging  
12 infringement of the '984 patent. Thus, an immediate, real, and justiciable  
13 controversy exists between RAKTL and American with respect to the alleged  
14 infringement, validity, and enforceability of the '984 patent.

15 330. American has not infringed, and is not infringing, either directly or  
16 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '984  
17 patent, either literally or under the doctrine of equivalents.

18 331. One or more claims of the '984 patent is invalid for failure to meet the  
19 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
20 limitation, §§ 102, 103, and/or 112.

21 332. The '984 patent is unenforceable for at least the reasons alleged in  
22 American's affirmative defenses, which are incorporated herein by reference.

23 333. Declaratory relief is both necessary and appropriate. Absent a  
24 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
25 continue to wrongfully assert the '984 patent against American, thereby causing  
26 American irreparable injury and damage.

27 334. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
28 entitled to an award of attorneys' fees.

**COUNTERCLAIM X**

**(Declaratory Judgment Regarding the '734 Patent)**

335. American repeats and realleges paragraphs 1-334 above as if fully set forth herein.

336. RAKTL purports to be the sole holder of the entire right, title and interest in the '734 patent.

337. RAKTL has sued American in the present action, alleging infringement of the '734 patent. Thus, an immediate, real, and justiciable controversy exists between RAKTL and American with respect to the alleged infringement, validity, and enforceability of the '734 patent.

338. American has not infringed, and is not infringing, either directly or indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '734 patent, either literally or under the doctrine of equivalents.

339. One or more claims of the '734 patent is invalid for failure to meet the conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without limitation, §§ 102, 103, and/or 112.

340. The '734 patent is unenforceable for at least the reasons alleged in American's affirmative defenses, which are incorporated herein by reference.

341. Declaratory relief is both necessary and appropriate. Absent a declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will continue to wrongfully assert the '734 patent against American, thereby causing American irreparable injury and damage.

342. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is entitled to an award of attorneys' fees.

**COUNTERCLAIM XI**

**(Declaratory Judgment Regarding the '120 Patent)**

343. American repeats and realleges paragraphs 1-342 above as if fully set forth herein.



1 344. RAKTL purports to be the sole holder of the entire right, title and  
2 interest in the '120 patent.

3 345. RAKTL has sued American in the present action, alleging  
4 infringement of the '120 patent. Thus, an immediate, real, and justiciable  
5 controversy exists between RAKTL and American with respect to the alleged  
6 infringement, validity, and enforceability of the '120 patent.

7 346. American has not infringed, and is not infringing, either directly or  
8 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '120  
9 patent, either literally or under the doctrine of equivalents.

10 347. One or more claims of the '120 patent is invalid for failure to meet the  
11 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
12 limitation, §§ 102, 103, and/or 112.

13 348. The '120 patent is unenforceable for at least the reasons alleged in  
14 American's affirmative defenses, which are incorporated herein by reference.

15 349. Declaratory relief is both necessary and appropriate. Absent a  
16 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
17 continue to wrongfully assert the '120 patent against American, thereby causing  
18 American irreparable injury and damage.

19 350. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
20 entitled to an award of attorneys' fees.

## 21 **COUNTERCLAIM XII**

### 22 **(Declaratory Judgment Regarding the '223 Patent)**

23 351. American repeats and realleges paragraphs 1-350 above as if fully set  
24 forth herein.

25 352. RAKTL purports to be the sole holder of the entire right, title and  
26 interest in the '223 patent.

27 353. RAKTL has sued American in the present action, alleging  
28 infringement of the '223 patent. Thus, an immediate, real, and justiciable

1 controversy exists between RAKTL and American with respect to the alleged  
2 infringement, validity, and enforceability of the '223 patent.

3 354. American has not infringed, and is not infringing, either directly or  
4 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '223  
5 patent, either literally or under the doctrine of equivalents.

6 355. One or more claims of the '223 patent is invalid for failure to meet the  
7 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
8 limitation, §§ 102, 103, and/or 112.

9 356. The '223 patent is unenforceable for at least the reasons alleged in  
10 American's affirmative defenses, which are incorporated herein by reference.

11 357. Declaratory relief is both necessary and appropriate. Absent a  
12 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
13 continue to wrongfully assert the '223 patent against American, thereby causing  
14 American irreparable injury and damage.

15 358. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
16 entitled to an award of attorneys' fees.

### 17 **COUNTERCLAIM XIII**

#### 18 **(Declaratory Judgment Regarding the '965 Patent)**

19 359. American repeats and realleges paragraphs 1-358 above as if fully set  
20 forth herein.

21 360. RAKTL purports to be the sole holder of the entire right, title and  
22 interest in the '965 patent.

23 361. RAKTL has sued American in the present action, alleging  
24 infringement of the '965 patent. Thus, an immediate, real, and justiciable  
25 controversy exists between RAKTL and American with respect to the alleged  
26 infringement, validity, and enforceability of the '965 patent.

1 362. American has not infringed, and is not infringing, either directly or  
2 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '965  
3 patent, either literally or under the doctrine of equivalents..

4 363. One or more claims of the '965 patent is invalid for failure to meet the  
5 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
6 limitation, §§ 102, 103, and/or 112.

7 364. The '965 patent is unenforceable for at least the reasons alleged in  
8 American's affirmative defenses, which are incorporated herein by reference.

9 365. Declaratory relief is both necessary and appropriate. Absent a  
10 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
11 continue to wrongfully assert the '965 patent against American, thereby causing  
12 American irreparable injury and damage.

13 366. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
14 entitled to an award of attorneys' fees.

#### 15 **COUNTERCLAIM XIV**

##### 16 **(Declaratory Judgment Regarding the '135 Patent)**

17 367. American repeats and realleges paragraphs 1-366 above as if fully set  
18 forth herein.

19 368. RAKTL purports to be the sole holder of the entire right, title and  
20 interest in the '135 patent.

21 369. RAKTL has sued American in the present action, alleging  
22 infringement of the '135 patent. Thus, an immediate, real, and justiciable  
23 controversy exists between RAKTL and American with respect to the alleged  
24 infringement, validity, and enforceability of the '135 patent.

25 370. American has not infringed, and is not infringing, either directly or  
26 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '135  
27 patent, either literally or under the doctrine of equivalents.  
28

371. One or more claims of the '135 patent is invalid for failure to meet the conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without limitation, §§ 102, 103, and/or 112.

372. The '135 patent is unenforceable for at least the reasons alleged in American's affirmative defenses, which are incorporated herein by reference.

373. Declaratory relief is both necessary and appropriate. Absent a declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will continue to wrongfully assert the '135 patent against American, thereby causing American irreparable injury and damage.

374. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is entitled to an award of attorneys' fees.

## COUNTERCLAIM XV

**(Declaratory Judgment Regarding the '156 Patent)**

375. American repeats and realleges paragraphs 1-374 above as if fully set forth herein.

376. RAKTL purports to be the sole holder of the entire right, title and interest in the '156 patent.

377. RAKTL has sued American in the present action, alleging infringement of the '156 patent. Thus, an immediate, real, and justiciable controversy exists between RAKTL and American with respect to the alleged infringement, validity, and enforceability of the '156 patent.

378. American has not infringed, and is not infringing, either directly or indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '156 patent, either literally or under the doctrine of equivalents.

379. One or more claims of the '156 patent is invalid for failure to meet the conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without limitation, §§ 102, 103, and/or 112.

380. The '156 patent is unenforceable for at least the reasons alleged in American's affirmative defenses, which are incorporated herein by reference.

381. Declaratory relief is both necessary and appropriate. Absent a declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will continue to wrongfully assert the '156 patent against American, thereby causing American irreparable injury and damage.

382. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is entitled to an award of attorneys' fees.

## **COUNTERCLAIM XVI**

**(Declaratory Judgment Regarding the '968 Patent)**

383. American repeats and realleges paragraphs 1-382 above as if fully set forth herein.

384. RAKTL purports to be the sole holder of the entire right, title and interest in the '968 patent.

385. RAKTL has sued American in the present action, alleging infringement of the '968 patent. Thus, an immediate, real, and justiciable controversy exists between RAKTL and American with respect to the alleged infringement, validity, and enforceability of the '968 patent.

386. American has not infringed, and is not infringing, either directly or indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '968 patent, either literally or under the doctrine of equivalents.

387. One or more claims of the '968 patent is invalid for failure to meet the conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without limitation, §§ 102, 103, and/or 112.

388. The '968 patent is unenforceable for at least the reasons alleged in American's affirmative defenses, which are incorporated herein by reference.

389. Declaratory relief is both necessary and appropriate. Absent a declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will

1 continue to wrongfully assert the '968 patent against American, thereby causing  
2 American irreparable injury and damage.

3 390. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
4 entitled to an award of attorneys' fees.

### 5 **COUNTERCLAIM XVII**

#### 6 **(Declaratory Judgment Regarding the '576 Patent)**

7 391. American repeats and realleges paragraphs 1-390 above as if fully set  
8 forth herein.

9 392. RAKTL purports to be the sole holder of the entire right, title and  
10 interest in the '576 patent.

11 393. RAKTL has sued American in the present action, alleging  
12 infringement of the '576 patent. Thus, an immediate, real, and justiciable  
13 controversy exists between RAKTL and American with respect to the alleged  
14 infringement, validity, and enforceability of the '576 patent.

15 394. American has not infringed, and is not infringing, either directly or  
16 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '576  
17 patent, either literally or under the doctrine of equivalents.

18 395. One or more claims of the '576 patent is invalid for failure to meet the  
19 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
20 limitation, §§ 102, 103, and/or 112.

21 396. The '576 patent is unenforceable for at least the reasons alleged in  
22 American's affirmative defenses, which are incorporated herein by reference.

23 397. Declaratory relief is both necessary and appropriate. Absent a  
24 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
25 continue to wrongfully assert the '576 patent against American, thereby causing  
26 American irreparable injury and damage.

27 398. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
28 entitled to an award of attorneys' fees.

**COUNTERCLAIM XVIII**

**(Declaratory Judgment Regarding the '415 Patent)**

399. American repeats and realleges paragraphs 1-398 above as if fully set forth herein.

400. RAKTL purports to be the sole holder of the entire right, title and interest in the '415 patent.

401. RAKTL has sued American in the present action, alleging infringement of the '415 patent. Thus, an immediate, real, and justiciable controversy exists between RAKTL and American with respect to the alleged infringement, validity, and enforceability of the '415 patent.

402. American has not infringed, and is not infringing, either directly or indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '415 patent, either literally or under the doctrine of equivalents.

403. One or more claims of the '415 patent is invalid for failure to meet the conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without limitation, §§ 102, 103, and/or 112.

404. The '415 patent is unenforceable for at least the reasons alleged in American's affirmative defenses, which are incorporated herein by reference.

405. Declaratory relief is both necessary and appropriate. Absent a declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will continue to wrongfully assert the '415 patent against American, thereby causing American irreparable injury and damage.

406. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is entitled to an award of attorneys' fees.

**COUNTERCLAIM XIX**

**(Declaratory Judgment Regarding the '252 Patent)**

407. American repeats and realleges paragraphs 1-406 above as if fully set forth herein.



1 408. RAKTL purports to be the sole holder of the entire right, title and  
2 interest in the '252 patent.

3 409. RAKTL has sued American in the present action, alleging  
4 infringement of the '252 patent. Thus, an immediate, real, and justiciable  
5 controversy exists between RAKTL and American with respect to the alleged  
6 infringement, validity, and enforceability of the '252 patent.

7 410. American has not infringed, and is not infringing, either directly or  
8 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '252  
9 patent, either literally or under the doctrine of equivalents.

10 411. One or more claims of the '252 patent is invalid for failure to meet the  
11 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
12 limitation, §§ 102, 103, and/or 112.

13 412. The '252 patent is unenforceable for at least the reasons alleged in  
14 American's affirmative defenses, which are incorporated herein by reference.

15 413. Declaratory relief is both necessary and appropriate. Absent a  
16 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
17 continue to wrongfully assert the '252 patent against American, thereby causing  
18 American irreparable injury and damage.

19 414. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
20 entitled to an award of attorneys' fees.

21 **COUNTERCLAIM XX**

22 **(Declaratory Judgment Regarding the '134 Patent)**

23 415. American repeats and realleges paragraphs 1-414 above as if fully set  
24 forth herein.

25 416. RAKTL purports to be the sole holder of the entire right, title and  
26 interest in the '134 patent.

27 417. RAKTL has sued American in the present action, alleging  
28 infringement of the '134 patent. Thus, an immediate, real, and justiciable

1 controversy exists between RAKTL and American with respect to the alleged  
2 infringement, validity, and enforceability of the '134 patent.

3 418. American has not infringed, and is not infringing, either directly or  
4 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '134  
5 patent, either literally or under the doctrine of equivalents.

6 419. One or more claims of the '134 patent is invalid for failure to meet the  
7 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
8 limitation, §§ 102, 103, and/or 112.

9 420. The '134 patent is unenforceable for at least the reasons alleged in  
10 American's affirmative defenses, which are incorporated herein by reference.

11 421. Declaratory relief is both necessary and appropriate. Absent a  
12 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
13 continue to wrongfully assert the '134 patent against American, thereby causing  
14 American irreparable injury and damage.

15 422. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
16 entitled to an award of attorneys' fees.

### 17 **COUNTERCLAIM XXI**

#### 18 **(Declaratory Judgment Regarding the '703 Patent)**

19 423. American repeats and realleges paragraphs 1-422 above as if fully set  
20 forth herein.

21 424. RAKTL purports to be the sole holder of the entire right, title and  
22 interest in the '703 patent.

23 425. RAKTL has sued American in the present action, alleging  
24 infringement of the '703 patent. Thus, an immediate, real, and justiciable  
25 controversy exists between RAKTL and American with respect to the alleged  
26 infringement, validity, and enforceability of the '703 patent.

426. American has not infringed, and is not infringing, either directly or indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '703 patent, either literally or under the doctrine of equivalents.

427. One or more claims of the '703 patent is invalid for failure to meet the conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without limitation, §§ 102, 103, and/or 112.

428. The '703 patent is unenforceable for at least the reasons alleged in American's affirmative defenses, which are incorporated herein by reference.

429. Declaratory relief is both necessary and appropriate. Absent a declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will continue to wrongfully assert the '703 patent against American, thereby causing American irreparable injury and damage.

430. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is entitled to an award of attorneys' fees.

## COUNTERCLAIM XXII

**(Declaratory Judgment Regarding the '707 Patent)**

431. American repeats and realleges paragraphs 1-430 above as if fully set forth herein.

432. RAKTL purports to be the sole holder of the entire right, title and interest in the '707 patent.

433. RAKTL has sued American in the present action, alleging infringement of the '707 patent. Thus, an immediate, real, and justiciable controversy exists between RAKTL and American with respect to the alleged infringement, validity, and enforceability of the '707 patent.

434. American has not infringed, and is not infringing, either directly or indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '707 patent, either literally or under the doctrine of equivalents.

1 435. One or more claims of the '707 patent is invalid for failure to meet the  
2 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
3 limitation, §§ 102, 103, and/or 112.

4 436. The '707 patent is unenforceable for at least the reasons alleged in  
5 American's affirmative defenses, which are incorporated herein by reference.

6 437. Declaratory relief is both necessary and appropriate. Absent a  
7 declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will  
8 continue to wrongfully assert the '707 patent against American, thereby causing  
9 American irreparable injury and damage.

10 438. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is  
11 entitled to an award of attorneys' fees.

12 **COUNTERCLAIM XXIII**

13 **(Declaratory Judgment Regarding the '547 Patent)**

14 439. American repeats and realleges paragraphs 1-438 above as if fully set  
15 forth herein.

16 440. RAKTL purports to be the sole holder of the entire right, title and  
17 interest in the '547 patent.

18 441. RAKTL has sued American in the present action, alleging  
19 infringement of the '547 patent. Thus, an immediate, real, and justiciable  
20 controversy exists between RAKTL and American with respect to the alleged  
21 infringement, validity, and enforceability of the '547 patent.

22 442. American has not infringed, and is not infringing, either directly or  
23 indirectly under 35 U.S.C. § 271, any valid claim and enforceable claim of the '547  
24 patent, either literally or under the doctrine of equivalents.

25 443. One or more claims of the '547 patent is invalid for failure to meet the  
26 conditions for patentability specified in 35 U.S.C. § 101 *et seq.*, including without  
27 limitation, §§ 102, 103, and/or 112.

444. The '547 patent is unenforceable for at least the reasons alleged in American's affirmative defenses, which are incorporated herein by reference.

445. Declaratory relief is both necessary and appropriate. Absent a declaration of non-infringement, invalidity, and/or unenforceability, RAKTL will continue to wrongfully assert the '547 patent against American, thereby causing American irreparable injury and damage.

446. This case is exceptional and, pursuant to 35 U.S.C. § 285, American is entitled to an award of attorneys' fees.

## **PRAYER FOR RELIEF**

THEREFORE, American prays that the Court grant it the following relief:

1. A denial of any and all relief requested by RAKTL, as set forth in the Request For Relief of its First Amended Complaint, and a dismissal of the Amended Complaint with prejudice;

2. A declaration that American has not infringed and is not infringing, directly or indirectly, any claims of the '551, '065, '360, '762, '863, '150, '285, '893, '984, '734, '120, '223, '965, '135, '156, '968, '576, '415, '252, '134, '703, '707, and '547 patents;

3. A declaration that one or more claims of the '551, '065, '360, '762, '863, '150, '285, '893, '984, '734, '120, '223, '965, '135, '156, '968, '576, '415, '252, '134, '703, '707, and '547 patents are invalid;

4. A declaration that the '551, '065, '360, '762, '863, '150, '285, '893, '984, '734, '120, '223, '965, '135, '156, '968, '576, '415, '252, '134, '703, '707, and '547 patents are unenforceable;

5. A declaration that this case is exceptional and an award to American of its reasonable attorneys' fees and costs pursuant to 35 U.S.C. § 285; and

6. A grant to American of such other relief as this Court deems appropriate.

**DEMAND FOR JURY TRIAL**

American respectfully requests a trial by jury, pursuant to Fed. R. Civ. P. 38(b), on all issues so triable.

DATED: January 11, 2008

Respectfully submitted,

Vernon M. Winters  
Christopher J. Cox  
Jill J. Ho  
WEIL, GOTSHAL & MANGES LLP

Mike McKool, Jr.  
Peter J. Ayers  
McKOOL SMITH P.C.

By: /s/ Vernon M. Winters

Vernon M. Winters  
Attorneys for Defendants

AMERICAN AIRLINES, INC. and  
AMERICAN BEACON ADVISORS, INC.

**PROOF OF SERVICE**

I declare that I am employed with the law firm of Weil, Gotshal & Manges LLP, whose address is 201 Redwood Shores Parkway, Redwood Shores, California 94065-1175 (hereinafter "WGM"). I am not a party to the within cause, and I am over the age of eighteen years. I further declare that on January 11, 2008, I served a copy of:

**AMERICAN'S ANSWER AND COUNTERCLAIMS TO  
PLAINTIFF RONALD A. KATZ TECHNOLOGY  
LICENSING, L.P.'S FIRST AMENDED COMPLAINT  
FOR PATENT INFRINGEMENT**

☒ **BY U.S. MAIL** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, addressed as follows, for collection and mailing at WGM in accordance with WGM's ordinary business practices. I am readily familiar with WGM's practice for collection and processing of mail, and know that in the ordinary course of WGM's business practice that the document(s) described above will be deposited with the U.S. Postal Service on the same date as sworn to below.

Samuel Franklin Baxter  
McKool Smith  
P O Box O  
Marshall, TX 75671

Jeffrey A Berkowitz  
Finnegan, Henderson, Farabow, Garrett  
& Dunner LLP  
11955 Freedom Drive  
Reston, VA 20190-5675

Sidney Calvin Capshaw, III  
Brown McCarroll  
1127 Judson Road, Suite 220  
P O Box 3999  
Longview, TX 75606-3999

Jeffrey Joseph Cox  
Hartline Dacus Barger Dreyer and Kern  
6688 North Central Expressway, Suite  
1000  
Dallas, TX 75206-2980

Elizabeth L DeRieux  
Brown McCarroll  
1127 Judson Road, Suite 220  
Longview, TX 75606-3999

Scott W Doyle  
Steptoe and Johnson  
1330 Connecticut Avenue, Northwest  
Washington, DC 20036

York M Faulkner  
Finnegan Henderson Farabow Garrett  
and Dunner  
Two Freedom Square  
11955 Freedom Drive, Suite 800  
Reston, VA 20190

Paul Gennari  
Steptoe & Johnson  
1330 Connecticut Avenue, NW  
Washington, DC 20036

Jonathan G Graves  
Cooley Godward Kronish  
11951 Freedom Drive  
Reston, VA 20190

Susan Koegel  
Steptoe and Johnson  
1330 Connecticut Avenue, Northwest  
Washington, DC 20036

Karen M Lockwood  
Howrey  
1299 Pennsylvania Avenue Northwest  
Washington, DC 20004-2402

Nicholas H Patton  
Patton Tidwell and Schroeder  
4605 Texas Boulevard  
P O Box 5398  
Texarcana, TX 75505-5398



1 John Michael Pickett  
2 Young Pickett and Lee  
3 4122 Texas Boulevard  
4 P O Box 1897  
5 Texarcana, TX 75504-1897

Andrew Wesley Spangler  
Brown McCarroll  
1127 Judson Road, Suite 220  
P O Box 3999  
Longview, TX 75606-3999

6 Michael W Vella  
7 Morrison & Foerster  
8 13531 High Bluff Drive, Suite 100  
9 San Diego, CA 92130-2332

Claude Edward Welch  
Claude Edward Welch Law Offices  
P O Box 1574  
Lufkin, TX 75902

10 Executed on January 11, 2008 at Redwood Shores, California. I  
11 declare under penalty of perjury under the laws of the United States of America that  
12 the foregoing is true and correct.

13 /s/ Nettie Asiasi  
14 Nettie Asiasi  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28